

# THE REVIEW OF REVIEWS

MARCH, 1932

## The Progress of the World

By ALBERT SHAW

**Times for  
Faith and  
Energy**

THE CITIZEN WHO is puzzled about the present course of affairs at home and abroad need offer no apologies to his cocksure neighbor. But, though puzzled, he should not yield either to cynicism or to disheartenment. There was never reason to suppose that the millennium might begin at about this time. It would disclose total failure to understand the method and character of human progress, to conclude hastily that we are floundering in a mire of hopeless futility. It is certain, however, that if we cease to strive for better things, a drift toward worse things will be inevitable. There was some gleam of truth, applicable in many ways, in the remark of the man who said that he had to run as fast as he could in order to stay where he was. When the currents are strong it is indeed hard to row up-stream. But there are stretches of quiet water to be expected, with secure anchorage and some repose for those who have had the courage and strength to endure. They have no reason to despair of fine visions, or to abandon generous hopes. No single panacea or magic formula will cure the ills that beset mankind. We must analyze situations that confront us, and act upon the belief that it is well worth while to seek means to conquer the obstacles one after another that lie in the way of further advance toward the ends that we seek.

**Our Place  
in the World  
at Large**

FOR EXAMPLE, we are often perplexed about the nature and extent of our social duties, using the word social in its broad meaning. We are citizens of our immediate neighborhoods, of our states, of the nation, and of the so-called civilized world. We have also, as individuals or families, our obligations of self-direction and self-help. From time to time there has to be readjustment of relationships. We grow enthusiastic over the idea of world harmony, entering into pacts and treaties, cultivating international commerce and activities of all kinds across national boundaries, and participating in various ways—through loans of capital, for example—in the affairs of the people of many other countries. Jurists and statesmen plan leagues and courts to aid in the settlement of disputes, and thus to lessen the risk of war. Scientific and medical research is conferring universal benefits, and

strengthening bonds of humanitarian and intellectual interest. Great inventions, especially the telegraph, telephone, radio and motion pictures, break down old-time barriers by making the world a single unit of communications. All this growth of internationalism has usually seemed an advantageous thing and a source of benefit to the individual man. But now it is widely held that we may have staked too much upon forms of international coöperation in which we have a part but over which we have no control. As against the international trends, there may arise an outburst of nationalism to disturb commerce, and to cause regret that we had risked so much upon the assumption that world harmony was assured. There is a better side to all this, and courage will be justified.

**The Conclave  
of Nations  
at Geneva**

FOR SEVERAL YEARS plans had been maturing for a conference on disarmament. Preliminary steps of various kinds had been taken. The opening of February, 1932, had finally been agreed upon for the great council of the nations at Geneva. While the conference had been called by the League of Nations, the Government of the United States had agreed to take part, although not a member of the League. With very few exceptions, the nations sent their delegates to this disarmament conference. Almost sixty countries belong to the League of Nations, the two most populous members being China and India. Among the five foremost members of the League, the two possessing by far the greatest naval armaments are Great Britain and Japan. The opening of the Conference found Japan using her army and navy on Chinese soil, and it found Great Britain using military and naval resources to subdue the supporters of the all-India Congress, who were asserting the right of independence and self-government for the people of India. In neither instance had there been any declaration of war; but in each instance war was a manifest reality. There had been adherence on all sides to the Kellogg-Briand pact which outlawed military force as an instrument of national policy. But besides these areas of armed conflict in Asia, there were menacing conditions in the heart of Europe that were even more disturbing to the majority of those who were in attendance at Geneva.



THE INTERNATIONAL PORT OF SHANGHAI, IN CHINA, SHOWING CONSULAR

**Peace Talk  
and War  
Activities**

WHAT COULD BE reasonably expected, in the way of results, from a conference of all the nations that was called to bring about practical disarmament, at the very moment when particular nations were doing their best to make their armaments larger, more modern and more efficient? The bewildered citizen may wonder over the apparent contradictions and inconsistencies of national policy. But careful thinking will help him to perceive that all these situations are related rather to the movements of history than to exercises in the sphere of logic or pure reasoning. The British and the Japanese have their own standpoints; and they see no hypocrisy in sending their delegations to Geneva to help in the consideration of what can be done to reduce the burden and menace of excessive militarism. In spite of exceptions to the rule, the world as a whole is thinking more clearly and strongly in the direction of peace than ever before, at least in modern times. The Roman Empire practically abolished war for several centuries by creating a dominating internationalism. Through many voluntary forms of international association—cultural, scientific, commercial—we are paving the way for closer official relationships. The League of Nations serves some modest and limited purposes; but it is badly constructed and has no definite authority, although it finds ways to exercise valuable influence. Some time, perhaps, there will be a real organization of peoples (rather than of governments) with positive jurisdiction. Inasmuch as present-day nationalism is too powerful to yield to the claims of official internationalism, we will have to get along as well as we can.

**The Conference  
Will Prove  
Worth While**

WE CAN AT LEAST continue to develop a public opinion that will be able to interpose checks upon the more flagrant violation of treaties and agreements. We can build up in the world a belief in the value of appeals to justice rather than appeals to force. Even if the Disarmament Conference should fail to accomplish anything tangible, it will have its educational value. Reports from Geneva appear in thousands of newspapers in all parts of the world. Countless millions of people read and talk about the same

things at the same time. Light will be thrown upon every difficult and inconsistent situation. The present Disarmament Conference will, of course, disappoint those who are counting mainly upon the persuasive power of logic, ethics, disinterestedness and reasonableness. But it will not greatly upset the equanimity of those who understand that history must proceed by its own methods, and who think of the conference as one more passing incident. They expect some results, but do not look for sweeping verdicts.

**Britain's  
Economic  
Policies**

THE BRITISH GOVERNMENT, just now, is intent upon the construction of a world-wide economic empire. The British Empire, in the political sense, was created by conquest—by sheer military and naval aggression—taking advantage of opportunities. Inconsistencies do not bother the British mind. In the League of Nations, parts of the British Empire appear as six distinct and independent countries. The "Statute of Westminster" recognizes the right of Canada, Australia, and other Dominions to govern themselves without appeal to any legislative or judicial authority in Great Britain. But, to the average British mind, all this is a mere detail of convenient decentralization in the realm of politics. The British are occupied with the business of knitting together the huge areas of the Empire as a commercial entity, with a new kind of union fitted to post-war economic needs. This new empire must continue to have its focus in Great Britain. Since the plans and methods are as yet experimental, it would be too much to expect unanimous agreement upon details. The present national government is unlike any of its predecessors. Ramsay MacDonald as Prime Minister is regarded as a renegade by his former associates of the Labor party. The Conservatives have a tremendous majority in the House of Commons, yet they sustain the former Labor leader as Prime Minister, uphold Sir John Simon (who belongs to the small Liberal group) as Foreign Minister, and tolerate dissent from their new tariff policy even within the cabinet group. Their problems are difficult because England's former position in the world of trade and commerce was built upon a fairly consistent policy of free trade.



OFFICES, BANKS, AND OTHER IMPORTANT BUILDINGS ALONG THE WATERFRONT

**Why India  
Must Be  
Kept British**

THOSE WHO OPPOSE the new British policies attempt to show that the imperial scheme would restrict rather than broaden British markets. The United States, until recently, had relied almost exclusively upon the domestic market, and had made a brilliant success of the protective tariff system. But England for a century had been selling her manufactured products throughout the world, and importing food and raw material on the free-trade plan. Until recently the commerce of the United States had been perhaps 95 per cent. domestic, and 5 per cent. foreign. But the Great War increased the foreign trade of this country, and diminished that of Great Britain. The more enthusiastic advocates of the new British policy demand ultimate free trade throughout the British Empire, with tariffs levied against imports from non-British countries. But India alone is more populous than Great Britain and all other parts of the British Empire put together. In the conception of the new British economic empire, India is an essential factor. The Empire claims an area of more than 13,000,000 square miles, and an aggregate population only 2 or 3 per cent. less than 500,000,000. The people of India count for more than 350,000,000 of this number. Of the total export of British commodities throughout the world, India has been buying considerably more than 10 per cent.—something like \$400,000,000 worth per annum. Great Britain could afford to go a long way toward granting local self-government to the peoples of India, but it would fatally disarrange the present economic program of the British government to allow India to exercise independence in foreign relations, financial affairs, and trade policies.

**Commercial  
Motives  
Now Prevail**

THE CIVIL DISOBEDIENCE methods of the all-India patriots under Gandhi's leadership include boycotting British textiles and other goods. Control of the markets for manufactured goods in India is even more important than the prestige of the Union Jack. The British delegates at Geneva would not for a moment admit that their government is carrying on a war to crush the aspirations of a great Asiatic people seeking freedom for government at home, and for their

own rightful place in the modern world. They would hold that Britain belongs in India, and that the maintenance of justice and order is Britain's plain responsibility. They would insist upon their right to exercise police control, without interference or criticism on the part of the League of Nations or of any outside government. They would emphasize the view that they are doing everything possible to promote the cause of genuine and safe home rule in India. But meanwhile, the British will insist that they be allowed to uphold their own rights and interests; and these when sharply analyzed will be found to be principally commercial. Their position is historically sound.

**The Japanese  
Position in  
Manchuria**

DURING THE CLOSING days of January and early in February, the world was watching with alarmed interest the aggressive movements of Japan to subdue anti-Japanese activities in China. The government of the United States had scrupulously avoided any commitments regarding the intrinsic character of the Japanese grievances. For several months our government—acting in general accord with the British and other European governments, and with the League of Nations—had been urging upon the authorities of Japan and China that there should be an end of military clashes, and a prompt resort to processes of settlement by agreement or arbitration. The Japanese regard their rights and interests in Manchuria as vital to their welfare, but do not claim any permanent jurisdiction over what they admit to be Chinese territory, beyond what are their rights under existing treaties and agreements. Manchuria is a great agricultural territory of 363,610 square miles, with a population of 30,000,000. In order to have a basis of comparison it might be well to note that France has 212,659 square miles, with a population slightly exceeding 40,000,000. The area of Japan proper is 148,756 square miles, with a population of 64,450,000. Famine and distress in certain over-populated districts of China proper have within recent years led to an immense migration northward into Manchuria, which is an outlying Chinese possession. During several recent years, the average movement of Chinese people into Manchuria has been at a rate exceeding 100,000 a month. The Japa-

nese population of Manchuria is about 200,000. The Japanese navy obtains a supply of crude oil from Manchurian shale. Japan also utilizes the output of Manchurian coal and iron mines. Still more important to Japan is the immense output of Manchurian agriculture, and the various commercial enterprises that represent part of Japan's investment of something like a billion dollars along the railroad system that is Japanese property.

**Banditry  
Leads to  
Bold Action**

IF THERE HAD BEEN a stable and responsible government in Manchuria during recent years, it is evident enough that the part taken by the Japanese in the economic life of the Manchurian area would have been highly advantageous to everybody concerned. But the chaos that has prevailed most of the time for twenty years throughout China proper has been echoed by intolerable disorder in Manchuria. We have known something of banditry and plunder under rival chieftains in Mexico and Central America in times gone by; but it may fairly be stated that banditry and plunder by militarized bodies in Manchuria have been on a more destructive and irresponsible scale than anything of a similar kind on our side of the Pacific Ocean. Under recognized agreements, the Japanese have a right to maintain a certain number of regiments in Manchuria, distributed for the protection of their railway concession, their industries and their trade population. From the Japanese standpoint it is enough to say that the basis of trouble in Manchuria has been interference with Japanese rights and interests, in consequence of the armed chaos produced by the Chinese under rival chieftains and bandit leaders. The average reader will hardly try to study the day-by-day story of the Manchurian troubles during 1931, with the steady increase of Japan's military preparation, and the punitive movements against

the Chinese as far as the Great Wall. The United States reminded Japan of American commercial rights under the so-called "open door" policy, and Japan promptly agreed that American and foreign rights were to be respected.

**Dangers  
of War  
Foreseen**

THE ONE OVERSHADOWING fear was that the Manchurian friction might develop into a major war between Japan and China. This would not

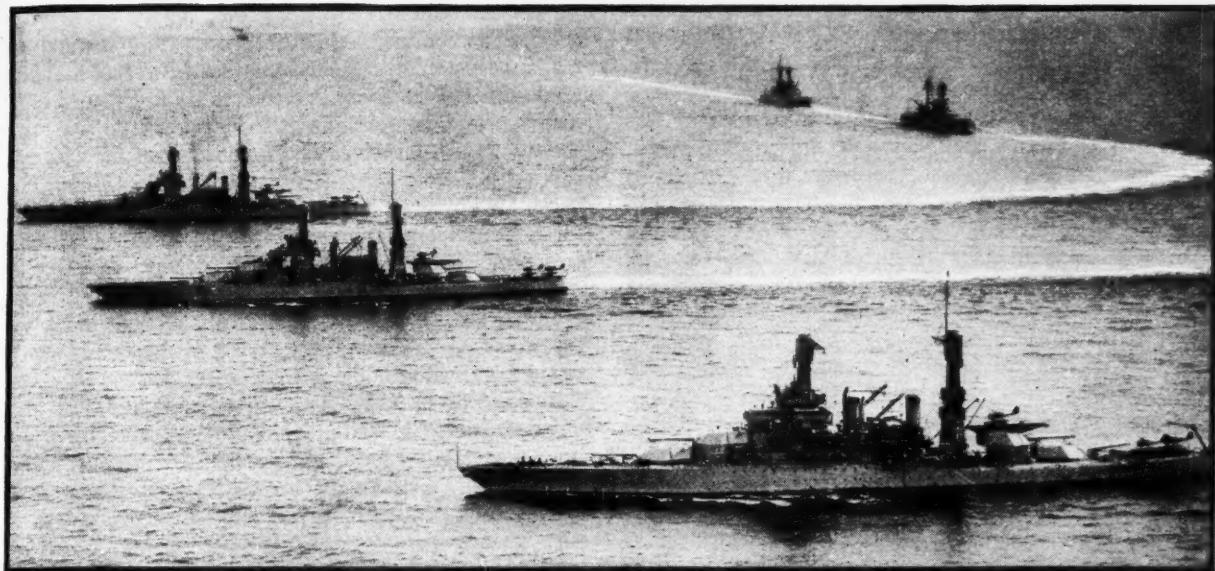
only be costly and disastrous to the belligerent nations, but in countless ways harmful to the interests of other nations. Furthermore, such a major conflict would check and discourage all movements for the settlement of disputes by peaceful means, and for gradual reduction of military burdens. China, as a member of the League of Nations, exercised its right to call upon the League for an investigation. The League could not act swiftly, and was not prepared to designate either Japan or China as an aggressor. Still less was it ready to resort to drastic measures, under sections of the Covenant which provide for collective action, economic or otherwise, against a government guilty of aggression. Meanwhile, resentment in China against Japan, on account of the offensive movements of the Japanese army in Manchuria, had become so intense as to be quite beyond the possibility of restraint by China's feeble and fickle mechanism of central government. There were communist riots and student movements against the President and leading officials of the Chinese Republic, at Nanking, the present capital. These uprisings were in wrath against the government for not acting with greater energy against the Japanese in Manchuria.

**China's  
Lack of  
Authority**

IN THE MIDDLE of December President Chiang Kai-shek abandoned his job. The Foreign Office had been wrecked by the rioters, and the highly accomplished Foreign Minister Mr. Wellington Koo resigned, on December 15, along with the Finance Minister, T. V. Soong. The chairman of the legislative assembly became Acting President, and the civilian rule was superseded by declaration of martial law. According to recent estimates, China has about two and a half million men under arms as professional soldiers. It is twenty years since the Chinese revolution changed the old empire into the so-called republic. But the enlightened Chinamen of European and American education, who were so enthusiastic as they undertook to modernize their country's institutions, had no true sense of the difficulties that lay before them. Without census figures, credible estimates give China more than 400,000,000 people. Perhaps a majority of them have no conception of the nature of a central government. The masses have scanty information about anything that has been happening in the higher realm of politics during the present century. The armies of China are regional, local, provincial, or personal. The leaders could get together, and give strength and unity to China; but the past twenty years have shown conclusively that these provincial magnates are without sufficient national patriotism to unite. Individual Chinamen, like Mr. Wellington



CHINA in its relation to Japan, Soviet Siberia, French Indo-China, and the British port of Hong-Kong.



**THE U. S. BATTLE FLEET LEAVES LOS ANGELES HARBOR LATE IN JANUARY FOR WINTER MANEUVERS OFF HAWAII**  
In the foreground are the "West Virginia," "Maryland" and "Colorado."

Koo, would fairly rank with the most enlightened statesman of the present generation. But China needs a dictator as masterful as a Mussolini or a Stalin, to destroy the corrupt local leaders, and unify the Chinese people. One man after another has tried to do this, but the superman has not yet appeared. But, meanwhile, China must be treated fairly and helpfully.

**The Chinese  
Can Use  
the Boycott**

FACTIONAL FIGHTING has done a good deal to militarize the Chinese people, who are by nature peacefully inclined. A firm central authority, with unity of national aims and policies, would speedily convert China into the greatest of Asiatic powers. Japan has become formidable through concentrated effort, with intense patriotism, and marvelous devotion on the part of all the people to the aims and ideals of the Japanese empire. But in spite of political weakness, the Chinese possess an economic weapon that they can use with deadly effect. This takes form in organized refusal to do business with people against whom they harbor resentment. Some years ago the British suffered greatly by reason of a boycott of their wares in the Yangtsekiang valley. The recent Manchurian troubles had resulted in systematic attacks upon Japanese trade, with headquarters for the boycott propaganda at the great Chinese seaport of Shanghai. It must be kept clearly in mind that the Japanese had not for a moment admitted that they had done anything in Manchuria except what grew out of the determined policy to protect their recognized rights and interests. They refused to admit that they had violated any principle of the covenant of the League of Nations, of the Briand-Kellogg peace pact, of the "open door" policy, or of the treaty of Washington, signed by all leading nations, relating to the rights of China. They regarded the boycott at Shanghai and elsewhere as a movement that should be suppressed by the Chinese local or national authorities. So they sent a fleet to Shanghai, and made demands.

**The Japanese  
Attack on  
Shanghai**

THERE WERE A GOOD MANY thousands of Japanese subjects doing business in Shanghai, and the boycott was much more serious than a mere refusal on the part of Chinese customers to buy Japanese goods. With mobs and riots, the Japanese civilians at Shanghai were in peril of their lives as well as their property; and their right to carry on their usual occupations was of the same character as that of thousands of British, American and other foreigners living in the reserved zone. We are saying this in order to show that from the Japanese standpoint there were genuine grievances at Shanghai, which justified protests and called for abatement. The boycott was being carried on as if under official protection. It was, at least, more energetic in its organization and methods than were Chinese police efforts to protect Japanese subjects in their personal and business rights. The Japanese Admiral, demanding a cessation of organized anti-Japanese movements, issued an ultimatum with a time limit. The demands were not satisfied, and the Japanese at once began a vigorous bombardment of a densely inhabited part of the native city. A number of naval bombing planes were brought into action, resulting in much loss of life and the destruction of a considerable area of the district known locally as Chapei. The Japanese continued to claim that they were not making war, and had no object or desire except peace.

**Neutrals  
Protect Their  
Citizens**

THE NEUTRAL WORLD, however, looked upon this bombardment of Shanghai as an unmitigated act of war on the great scale. There had been differences of opinion about Japan's military proceedings in Manchuria; but there were no differences that could be discovered in the tone of the comments upon the use of warships and bombing planes at Shanghai. It must be perceived, however, that the Japanese had a different view altogether. Even after their bombardment of Shanghai, they regarded themselves as menaced

and persecuted, and called upon the League of Nations and the great powers to deal severely with China, and to prevent the concentration of Chinese troops against the advance of Japanese marines. On the very day of the opening of the Disarmament Conference at Geneva, the Council of the League of Nations took steps to investigate the Shanghai situation. With thousands of American, British, and other foreign residents in the district reserved in Shanghai as an International Settlement, several governments took concerted steps for the protection of life and property. Additional American marines and warships were sent from Manila to Shanghai, and the British sent reinforcements from Singapore. The French joined in the movement, and sent recruits from their station on the coast of Indo-China.

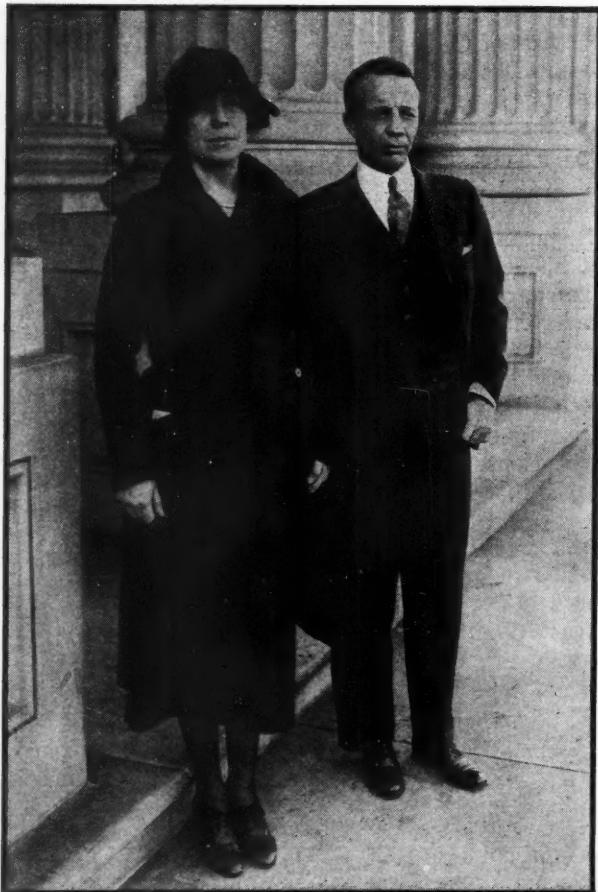
We Have  
No Quarrel  
with Japan

CERTAIN CHINESE LEADERS had gone much too far in trying to stir up American and European feeling against Japan. Nothing could be more lacking in justification than the constant assertions that Japan is preparing for a future attack upon the United States. There is no reason to think that any country is plotting against ours, and there is nothing in the situation across the Pacific that should encour-

age the suggestion that we, either singly or in conjunction with other countries, are drifting toward an armed collision with Japan. Our government has acted correctly at every stage of the Far Eastern controversy, and has sought nothing except peace and justice. It was felt that the bombardment of Shanghai might lead to a Sino-Japanese war for which, of course, Japan was much better prepared than China. But if the shock of the attack upon Shanghai should have aroused the Chinese to forget their disgraceful domestic quarrels, and should result in concentration of effort, both sides might be ready to accept advice and adjust their differences. We may hope and work for the best, while not wasting too much time or effort in speculating upon what might or might not happen. For our part, we had not lost confidence, as these pages were closed for the press in the middle of February, in the belief that hostilities would soon end on some practical basis of agreement.

The Conference  
Gains in  
Importance

AS FOR THE CONFERENCE at Geneva, it would seem that it had suddenly gained prestige and standing from the very things that had been regarded as likely to make it a pitiable failure. Its presence lent energy to the leaders of the League of Nations in their attitude towards the trouble in the Far East. The actual use of the instruments of war, and the quick destruction of an unfortified area of one of the world's great cities, could not fail to have some effect upon the state of mind of the delegations from sixty countries, that were representing most of the inhabitants of the world, in a meeting the avowed object of which was to lessen the dangers of war, and to guide the governments along paths leading to universal peace. We may not predict any explicit results; but we may be glad that the nations have taken the Disarmament Conference seriously, and have sent sincere and influential people to represent them. When our pages were closed for the press last month, Mr. Dawes, our Ambassador at London, had accepted the chairmanship of our delegation, had come to Washington to consult with the President and the Department of State, and was about to sail for Geneva. There was a sudden change of plans, and Mr. Dawes was kept in this country to serve in another capacity. It was expected that Secretary Stimson would be able to serve with the delegation at Geneva during a portion of the period during which the conference will continue. Two ambassadors of experience, Hugh S. Gibson (Belgium) and Hugh R. Wilson (Switzerland), are members of our delegation, together with Senator Swanson of Virginia, Norman Davis of New York, and Miss Mary E. Woolley, president of Mount Holyoke College. These five, with Secretary Stimson, constitute an admirable delegation representing the intelligence and the good will of the American people. Messrs. Swanson and Davis are distinguished Democrats of long public experience. Messrs. Gibson and Wilson are well versed in diplomatic methods, and have unusual knowledge of the technical aspects of the subject matter of the Conference. Miss Woolley represents American idealism, but has a reputation for sound judgment and practical common sense.



COL. THEODORE ROOSEVELT AND MRS. LONGWORTH

After nearly three years of conspicuous service in Porto Rico, Colonel Roosevelt was on his way last month to take up new duties as Governor-General of the Philippines. This is a Washington photograph, with his sister Alice Roosevelt Longworth, made as he called at the White House.

There Is  
No Virtue  
in Weakness

TO MAINTAIN ARMIES and to build up great navies is a terrible drain upon the financial resources of all the countries whose policies will be scrutinized

by the conference at Geneva. But if these defensive establishments that cost so much are actually serving to prevent war, they must be regarded as worth all that they cost. A few warships more or less, maintained in times of peace, are a small item when compared with the immense costs of actual warfare. If we had spent several billions between 1914 and 1917 in building up a large navy and laying the groundwork for a national army, we should never have drifted into the maelstrom of the Great War. We would have defended neutral rights as against their violation by both belligerent groups, and we would have been in position to arbitrate a proper peace settlement in 1917. Our failure to do our duty by way of military preparation brought terrible consequences. Thus it is by no means true that to abolish the forces that protect law and order is to promote the cause of peace. We should probably have avoided the War of 1812, the Mexican War, and even the Civil War if we had been decently prepared. President Buchanan and General Scott could not protect the flag of the United States flying over Federal fortifications, because only a few hundred soldiers were available. A slight additional investment in battleships, forty years ago, would have prevented our war with Spain. The Spanish government was told by experts that our navy was inferior, and would not risk combat. This, of course, proved to be a mistake, but it resulted in war.

Our Navy  
Must Be  
Maintained

SPAIN WOULD have withdrawn from Cuba, with the United States aiding in a just settlement between the Cuban leaders and the government at Madrid, if our army and navy had fairly represented the responsible position of the United States in the Western Hemisphere. The major part of all the cost of the Federal government to the American people during the entire course of our history has been due to wars; and these wars have been incurred (one may argue) because of our lack of preparation for war. Our only great war that was clearly justified was that which brought us our independence, under the valiant leadership of General Washington. All the wars that followed were due to the assertion of American rights as against opponents who regarded us as too ill-prepared to make good our positions. All navies ought to be sharply reduced; but from the standpoint of the world's peace and security, our own navy might well be stronger than any other. The thoroughly logical and consistent pacifist might hold that there could be nothing more dangerous than a refusal to build our navy up to the full strength agreed upon by the naval conferences of Washington and Geneva. It would indeed be lamentable if our proper naval status could not be reached by treaty agreement upon further reductions. It should be clearly understood that this is what Mr. Hughes, Mr. Hoover, Mr. Coolidge, Mr. Stimson and others in authority have been trying to bring about during the past ten years. When prosperity returns, and our Federal income makes it pos-



JAPAN'S PREMIER AND THE AMERICAN AMBASSADOR  
W. Cameron Forbes, Ambassador to Japan for the past two years, was called upon to play a responsible part in diplomatic exchanges growing out of the crisis in China. He is here shown with the aged Premier Tsuyoshi Inukai. He returns at once, to be succeeded by Mr. Grew who is shifted from Turkey to Japan.

sible, we should begin to build a peace navy that would make war navies seem absurd—unless, meanwhile, all other naval countries should agree to a sweeping reduction. But there is still reason enough to hope that such reduction can be brought about.

Asia Will  
Pursue Its  
Own Courses

ALTRUISM MAY BE praiseworthy, but it will lead to disappointment if not guided by accurate knowledge and good judgment. American enthusiasm for the uplift of the world at large has nourished many good causes, and ought not to be disparaged. But human nature cannot be transformed on a five-year plan; and, speaking in general, each nation must look to its own political, social and economic problems. We may feel some solicitude for the political independence and territorial integrity of China and her outlying possessions. But we should remember that the Chinese have had a long past, and will have future centuries in which to shape their own destiny. Our commercial interests in Asia, like those of Japan, require the safeguards of peace and order. War is so bad an affair that we are justified in doing all that we can to help the cause of peace, wherever it is in danger.

But when we have done this, we must content ourselves with the reflection that the Asiatic peoples will in any case work out their own problems with very little help from Europe or America.

**The Lausanne Conference Postponed**

THE SAME REMARK applies to the peoples of Europe. We may urge the value of mutual confidence, and the abandonment of war-like attitudes; but the European governments will keep the peace or break it without much gratitude for our devotion to their better interests. They care very little about our generous sentiments, except as they can so play upon our feelings as to make us assume the load of their unhappy debts and disputed claims. As it happens, they are not making any payments on their debts to America, and are not being pressed for payments. They are, therefore, promoting an artificial agitation when they talk so much about "cancellation." The question of German reparations, however, is involved in violent disputes that are by no means artificial. The Lausanne conference had to be postponed indefinitely, because Germany would enter into no arrangements looking merely to extension of the moratorium. It seems clear that the German people have not the slightest intention of resuming either conditional or unconditional payments to France and the allied governments at any time in the future. Tribute money, historically speaking, must either be paid as a matter of conscience and good faith because of explicit agreements, or else through fear of consequences. The Young Plan afforded some relief to Germany, and was the best compromise that could be made under the circumstances. It was not regarded by the French as an agreement under duress, but as an adjustment involving honor and good faith on both sides. Its blunt repudiation by the overwhelming determination of all parties in Germany comes to France with a shock of surprise. Elsewhere (see page 44) appears a timely article on Germany's election.

**The Undue Spirit of Nationalism**

THERE MIGHT BE MORE sympathy for the French position but for what seems to Congress and to many Americans an irrelevant counter proposal.

If Germany will not pay France in accordance with the Young Plan, the taxpayers of the United States must relieve France (so it is asserted) by meeting instalments of the French debt to this country as they fall due. France has an enormous army, and subsidizes the armies of Poland and her other allies. The people of the United States are asked to tax themselves to support French militarism in order that the will of France may prevail not only in Europe but in Africa and other parts of the world. Such an interpretation would seem distorted to our French friends. They have no thought of making unfair demands upon America. But their intense devotion to their national interests makes them appear to believe that other nations should think first and foremost of the welfare of France. During a few years immediately preceding the outbreak of the war in 1914, German militarism asserted its claims to the reverent appreciation of other countries, and Germany felt a divine call.

**France Has an Empire in Asia**

THERE ARE THOSE who now declare that Japan is intent upon the disintegration of China, and that France would benefit by the acquisition of another Chinese province or two in the south. Already French Indo-China has grown to an area of 265,000 square miles, with a population of 20,000,000. But who is injured by the presence of France in Indo-China? Wonderful roads have been built through the jungles, agriculture and commerce are flourishing, peace and order prevail. Who will say that the 20,000,000 inhabitants of Indo-China are not highly fortunate, when their lot is compared with that of a similar number of people in one of the turbulent and ill-governed provinces of China proper? It must be admitted that European commercial empires have their merits as well as their defects. When imperial authority is challenged, as in the case of India, many questions of fact have to be considered. If the peoples of India are sufficiently united and determined, their resistance to British authority may prove successful. Apparently, however, resistance as at present exhibited will soon be overcome. The problems of India are too complicated to be solved by the Gandhi methods. Evolution in Asia, with peace and devotion to economic progress and social welfare, will serve all interests better than conflict and violence.

**Col. Roosevelt Takes Office at Manila**

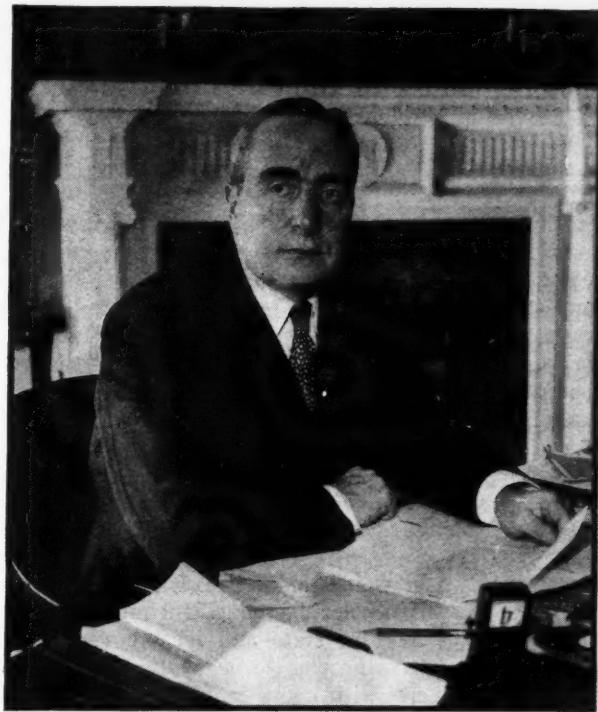
COLONEL THEODORE ROOSEVELT set sail early in February to enter upon his new duties as Governor-General of the Philippines. As Governor of Porto Rico he had won the respect as well as the affection of the people. He showed administrative efficiency, combined with sympathetic understanding, to a remarkable extent. The experience gained in Porto Rico, which includes the ability to use the Spanish language with fluency, will serve Colonel Roosevelt well at Manila. The Filipino leaders continue to repeat their demand for immediate and unqualified independence, but they do not mean what they say. In most respects they are already in full control of the affairs of the Philippine archipelago. They benefit enormously from their free market for sugar and other products in the United States. With chaos in China, and upheavals elsewhere in the regions of the Pacific, the Filipinos would be greatly worried if they thought that Uncle Sam might be disposed to take seriously their demand for immediate independence. Cuba is near our coasts, and the prosperity of that island would be of incomparably greater benefit to us than the further development of competing interests in the distant Philippines. With devotion worthy of the noblest cause, we are intent upon carrying out our mission of helpfulness to the Filipinos, regardless of what we sacrifice, and in spite of their incessant fuming. The feeling that we had not, after all, acquired the Philippines as a permanent possession, makes the position of the American Governor-General more delicate and difficult than it would otherwise be. But while we are there, we may as well be firm in exercising control. The American flag is flying nowhere in the world without good and sufficient reason. Until it is withdrawn, it represents an authority that must be upheld.

**Gen. Dawes  
Heads the New  
Finance Board**

THE RECONSTRUCTION Finance Corporation was organized promptly, and entered at once upon its mission of protecting the credit of embarrassed banks, railroads, agricultural interests and other business enterprises. General Charles G. Dawes, resigning his post at London, accepted the chairmanship and his appointment was received without dissent and with great satisfaction. This new job seemed to afford greater scope for his energies and his trained ability than continuance as Ambassador to Great Britain. General Dawes had served in his younger days as Comptroller of the Currency in the McKinley administration. Afterwards he had entered upon a successful banking and business career in Chicago. During the war he was General Pershing's right-hand man in France, where he handled the purchases and other business affairs of the A. E. F. When our new budget system was set up at Washington, General Dawes was called upon to initiate it as director, because of his driving energy, which was needed to overcome the resistance of a self-indulgent bureaucratic system. He dares always to think and act boldly, without recklessness. Ex-officio members of the new board are the Secretary of the Treasury, the head of the Federal Reserve System, and the Farm Loan Commissioner. President Hoover selected as Democratic members Mr. Jesse Jones of Texas, Mr. Harvey C. Couch of Arkansas, and Mr. Wilson McCarthy of Salt Lake City. The Senate ratified all these appointments promptly and with virtual unanimity. As this new board entered upon its duties, President Hoover warned the country against the harmfulness of the further hoarding of currency. Bank failures had led to the withdrawal of deposits, and the people have been hoarding and hiding perhaps a billion and a half dollars which ought to be kept in circulation. Exhortations are timely; but the hoarders will not respond freely until they are swept along in the tidal movement of a new optimism. President Hoover's policies bid fair to help us throw off our paralyzing fears. Col. Frank Knox of Chicago becomes "cheer leader."

**Squeezing for  
More Federal  
Tax Money**

THE DEMOCRATIC LEADERS at Washington deserve praise for their efforts to dispatch business and to deal with questions on their merits. They accept the Hoover administration as in power until March, 1933, and they are resolutely resisting every temptation to create deadlocks in a partisan spirit. Of all the business that must be dealt with in the present session of Congress, the most difficult is the revision of the tax system. Expenditures can be somewhat reduced, but the Government's income has declined by almost half; and it is agreed that there must be a widening of the tax system. The shrinkage of revenue is chiefly due to the falling off of income tax receipts. Increasing the rates on the larger incomes will help the situation, but not enough under existing conditions. Our exemption lines are much higher than those of other countries; but to levy some tax on smaller incomes—those above a thousand dollars—would not go far to meet the appalling deficit. The Treasury Department has proposed that increased tax



**OGDEN L. MILLS, NEW SECRETARY OF THE TREASURY**

rates should be retroactive. While this would bring in more money, Congress takes the view that such a course would be high-handed and unfair. The Treasury would also favor the idea of abolishing the "capital gains and losses" tax, and apply the repeal to returns that are about to be filed on last year's incomes. Naturally, the Treasury considers primarily the means by which money can be obtained without too great difficulty, to pay unavoidable bills. But here again the Congress leaders have shown a sense of fair play.

**A Shocking  
Example of  
Bad Taxation**

THE CAPITAL GAINS AND LOSSES tax is an abominable one, unsound in principle and shamelessly bad in operation. It was in some measure responsible for the unchecked advance of prices during the period of the "bull market" that collapsed in the fall of 1929. But since Uncle Sam reached out to take so large a share of realized gains, it is held in Congress that he must not now refuse to allow the taxpayers to deduct their realized losses, due to the collapse of prices. Inasmuch as he chose to be a daily partner in stock gambling and speculation, Uncle Sam should take his medicine along with thousands of people whose predicaments are in many ways attributable to his evil tax laws, his bad management of bank credits, his unjust treatment of the railroads, and his interferences with business through anti-trust laws and in other ways that show less than medieval intelligence.

**Who Can  
Discover  
New Sources?**

GREAT OPPOSITION has arisen against several new taxes now proposed at Washington to help meet the deficit. The gasoline tax should, of course, be left to the states. Otherwise, it should be made uniform throughout the country and distributed pro rata.

The gasoline tax began in the states as a means of constructing modern highways. It was easily collected at first, and the improved roads were of advantage to the petroleum and automobile industries. But any additional taxation levied against those industries, to raise revenue for other purposes than road building, is of doubtful propriety. Some explorer in the realm of taxation sources has hit upon the idea that all users of electric light and power should pay a tax, somewhat analogous to the gasoline tax, to be collected in advance from the distributing power companies. But such a proposal does not seem convincing on close examination. A tax on electric service might affect industrial consumption so detrimentally as to throw a considerable burden of higher charges on domestic users. If we are to return to a system of so-called nuisance taxes, and set up a scheme of federal sales imposts, it would seem a mistake to single out automobiles, gasoline, and electric service to carry the load.

**State and  
Municipal  
Taxation**

IT IS NOT federal taxation alone that is perplexing thoughtful minds. The costs of state and local government have become so heavy that there are deficits everywhere, with many municipalities on the verge of bankruptcy. We are publishing an article by Mr. Dyche on the financial plight of Chicago. The troubles there began several years ago with irregularities in the assessment of real estate, and obstacles placed in the way of tax collection. Mr. Dyche's review of conditions in Cook County is highly instructive and timely. Improved tax methods and municipal reform would give Chicago the benefit of good schools, police, sanitary services, parks, playgrounds and everything else that goes with up-to-date city government, at a saving of perhaps a hundred million dollars a year. New York bankers in January confronted the startled city government by refusing to buy more bonds unless the Mayor and Board of Estimate should proceed to cut down the swollen budget, and show some recognition of existing business conditions. Some cuts were made, and short-term bonds were floated, but at increased rates of interest.

**The Burden  
of Real Estate  
Exactions**

CITIZENS HAVE ONLY to exchange reports on conditions in almost every state and locality to discover that our old-fashioned real-estate taxes are proving the chief obstacle to home ownership, and to the security and well-being of agriculture. With prevailing low prices of wheat, corn, live stock, dairy products, cotton and other staples, it takes all the money that the average farmer can raise to pay taxes, interest on loans, and instalments on machinery and equipment. Many are losing their farms for non-payment of taxes and mortgage dues. On the one hand, our systems of local taxation should be revolutionized. On the other hand, the taxpayer should have it out with the "taxeater" and make local government a benefit rather than a burden. There are far too many place holders, too many petty jurisdictions, and too many official salaries that are not justified by services rendered. In many places the costs of local government could be reduced by half, with no serious harm.

**Proposals to  
Tax the Liquor  
Business**

WHEN WE ADOPTED the Eighteenth Amendment we abandoned a large internal-revenue income from taxes on the consumption of alcoholic beverages. In Great Britain and other countries the drink taxes continue to be large sources of national revenue. It was widely believed in the United States that prohibition would bring such permanent increase of prosperity that the economic as well as the social benefits would be ample compensation for the loss of public revenue. It is hard to arrive at undisputed conclusions, when inquiries are made about the present extent of the illicit trade in alcoholic liquors. The Wickersham Committee found this traffic enormous. In many places it is tolerated, and is carried on with little attempt at concealment. Retail prices are so high that the profits of bootlegging (using this name for all forms of traffic in alcoholic drinks) are supposed to aggregate several billion dollars a year. Thousands of people are now asking one another whether or not a change in our system of taxation could be made in such a way as to bring the liquor business under control, while making it yield federal revenue and, perhaps, local compensation as well. Except Speaker Garner, all the leading Democratic candidates for the Presidency are against the present and wish to get another public verdict on Prohibition.

**Changing  
Views on  
Prohibition**

NO CITIZEN, however strong his opposition to the old saloon system and to the use of intoxicating beverages, should refuse to face facts. The people of the country may decide that they should be free to deal with the question through Congress or their legislatures as conditions change. Prohibition during the past ten years has not been an unmixed evil, but it seems to have lost its hold upon the minds and purposes of many people. It could be a permanent success only with a growing belief in its value, and increasing proof of its feasibility. Drinking or not drinking intoxicants may fairly be regarded by conscientious individuals as related to principles of conduct. But laws dealing with the manufacture and sale of intoxicants are matters of expediency and experiment, rather than of finality. Any citizen may change his views about the benefits of prohibition, without the slightest sacrifice of moral principle. We are publishing in this number an article by Mr. C. T. Revere of New York, an accomplished student of the problems of taxation and finance, on the revenues that might be derived from the drink traffic. Mr. Revere's expectations are quite too sanguine, but his article is worthy of attention and careful thought. Dr. Joseph J. Klein of New York, who is a prominent member of the American Society of Public Accountants, and chairman of its committee on federal legislation, testified late in January before the Ways and Means Committee at Washington. He suggested that a method might be found by which a large income could be derived from seizure of the property of bootleggers and other law breakers. It may begin to appear that the chief supporters of present conditions are the law breakers themselves, whose ill-gotten gains are dependent upon the maintenance of their opportunities.

**Rail Workers  
Accept Wage  
Reduction**

IN THE SPHERE of business the two most significant items, as the month of February opened, were the launching of the Reconstruction Finance Corporation, and the voluntary agreement between the railroads and the associated unions of employees upon a 10 per cent. reduction in wage schedules. It took several weeks of patient negotiation at Chicago for Mr. Willard, president of the Baltimore & Ohio system, and his eight associates representing practically the whole of our railroad network, to convince the representatives of the wage-earners that the voluntary acceptance of a 10 per cent. reduction would be better for everybody concerned than an attempt to deal with wage questions by the tedious processes that the railway labor law requires. Back of the railway labor law was always the presumption that wage questions would be adjusted amicably by agreement. The law was enacted for use as a last resort, to protect the public from the danger of interrupted service through strikes and lockouts. Both sides are to be complimented upon the agreement that they were able to reach at Chicago. In view of the conditions of the labor market, and the financial difficulties of the railroads, there was nothing drastic in a 10 per cent. reduction. The cost of living has fallen off much more than 10 per cent. for a great majority of these railway workers, during the past two years, so that the purchasing power of their compensation at 90 per cent. is greater in 1932 than it was at 100 per cent. in 1929. What the railroads need now is a quickening of general business, so that they may pick up traffic. What the employees need is precisely the same thing, so that thousands of idle railway workers may be called back to their jobs. The important thing is the number of jobs rather than high wage scales. Higher wages will return again when everybody is employed, and when the pendulum swings the other way in the competitive market.

**The "Movies"  
on Substantial  
Foundations**

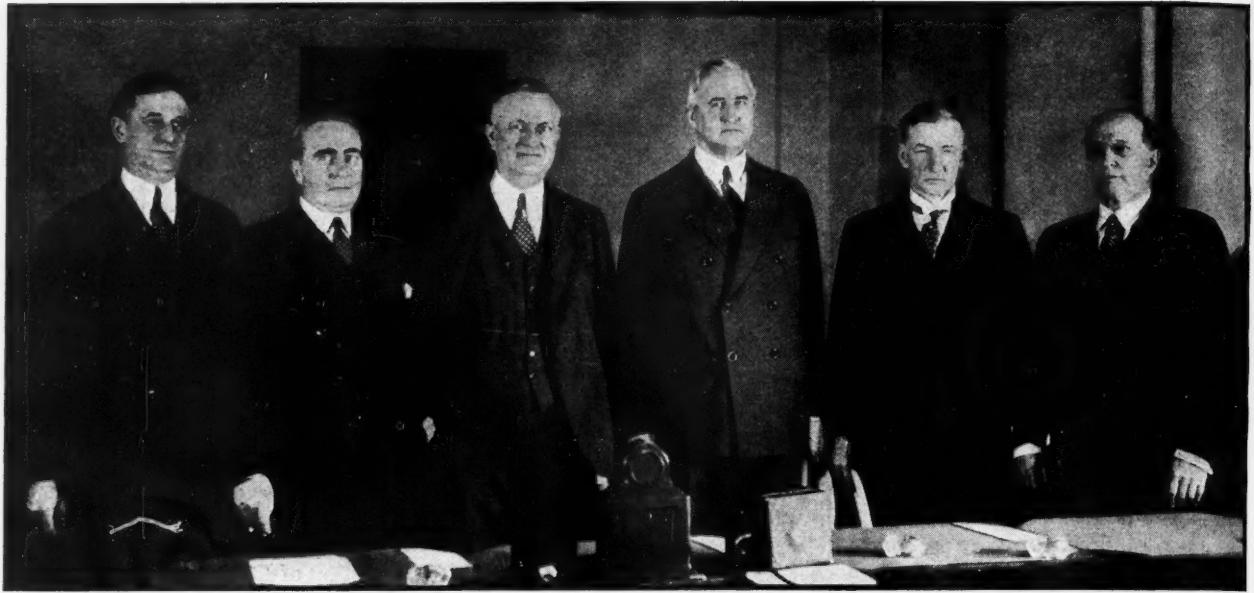
IN THE SERIES of articles on particular kinds of industry, their relations with the public, and their contacts with government, Mr. Barrows this month discusses the motion pictures. It is to their credit that the heads of corporations engaged in producing and distributing motion picture films should have formed an agency ten years ago to represent them in the external aspects of their form of enterprise, while helping to adjust internal differences. Hon. Will H. Hays has served as president of these federated concerns for ten years, and his influence has been usefully exerted and widely felt. Thousands of communities are coöperating—through committees chosen by the Women's Clubs, Girl and Boy Scouts and many other organizations—in helping to make demand for selected films. This method is desirable, while political censorship is not justified by facts, much less by present hopeful tendencies. Our readers will find much of interest in Mr. Barrows' presentation.

**Providing for  
an Everglades  
National Park**

FLORIDA IS PROPOSING to make over to the Federal government a large part of that remarkably interesting region known as the Everglades. A year ago Florida's brilliant Congresswoman, Mrs. Ruth Bryan Owen, joined a group of experts in examining the area, partly by airplane. She furnished an account to the American Civic Association (which had zealously supported the plan of a national Everglades Park), and with her approval and that of the A. C. A., we are publishing her vivid description. Dr. Bumpus is a learned scientist whose summary, also made for the A. C. A., tells us of the marvelous wealth of the Everglades for the study of natural phenomena. A bill presented by Senator Fletcher has passed the Senate; and an identical measure under the sponsorship of Mrs. Owen is on its passage in the House. When Florida has acquired title to the proposed area, the National Park Service, under the capable direction of Dr. Horace M. Albright, will accept it for the Federal government, and thereafter improve and administer it as a unique addition to our series of public reservations.

**Good Men  
Count, in  
Such Times!**

GOOD MEN NEVER SULK for political spite, but stand together in difficult times for the well-being of their fellow citizens. One man of that kind is Melvin Traylor of Chicago. The ignoramuses who grumble at President Hoover are, of course, oblivious of the fact that Democrats like Mr. Traylor, Mr. Owen D. Young, Mr. Newton D. Baker, Messrs. Norman Davis and John W. Davis, to mention a very few, are at all times giving advice and assistance for the furtherance of the President's programs. They know that in these critical economic circumstances, no individual is to be blamed. Mr. Traylor, like Lincoln and other leaders of the past, was born in the Kentucky hills, and grew strong and efficient through the discipline of life, guided by his own clear purpose. We are delighted to publish a personal article about this upstanding American, whose credits are enough to offset the black marks of a whole army of Chicago gangsters. Mr. Mellon's eleven years under three Presidents, as Secretary of the Treasury, have earned the confidence and respect of the financial world. He goes to London to follow General Dawes with every token of appreciation. Mr. Ogden L. Mills succeeds Mr. Mellon as head of the Treasury Department, for reasons so clear that his appointment was taken for granted. His ability as a public financier is matched by his power to expound difficult subjects. We are publishing substantial portions of an address recently made by him before a banking group in New York, on the checking of deflation through the growth of confidence. We suggest to our readers, regardless of their preference for one political party or another, that Mr. Mills, like Mr. Traylor, counts with those good men whose talents are just now wholeheartedly at the service of their country.



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**THE FIRST MEETING OF THE RECONSTRUCTION FINANCE BOARD.** From left to right are: Paul Bestor, Farm Loan Commissioner; Ogden L. Mills, Secretary of the Treasury; Harvey C. Couch, Jesse H. Jones, Gen. Charles G. Dawes, and Eugene Meyer, Governor of Federal Reserve Board. The remaining member of the board, not present when the photograph was taken, is Wilson McCarthy.

## History in the Making

From January 12 to February 11

### China Versus Japan

*When is war not war? . . . Japan shifts the scene from Manchuria to Shanghai.*

**C**HINESE REFUGEES desert Tsingtao as a Japanese mob riots, and marines are landed (January 14). Japanese officials meanwhile reveal plans for an "independent" demilitarized Manchuria, in which Japanese garrisons would preserve order. The Manchurian population, incidentally, is 95 per cent Chinese.

**PEACE AND ORDER** are what Japan desires in Manchuria, with safety for foreigners. New Foreign Minister Kenkichi Yoshizawa thus states Japan's position in his first address to the Diet (January 21). The government "harbors no territorial designs, and will uphold the principle of the open door."

**THE DIET** of Japan, divided as to their country's military policies in China, is dissolved (January 21). A general election is scheduled for February 20, to determine public opinion and clear the air.

**MERCHANTS** of Shanghai, China's leading city of three million population, urge suspension of a commercial boycott which has aroused Japanese protests (January 25). It is too late, however; for three days later comes a Japanese ultimatum, followed by Japanese marines in person. The Japanese seize Chapei, Chinese quarter of Shanghai, after a bloody struggle in which Japanese flyers create havoc by an intensive aerial bombardment. Neutral foreigners, liv-

ing in permanent concessions ("cities within a city"), are greatly endangered; and the League of Nations protests in vain.

**CHINA** appeals to the League of Nations, of which both China and Japan are members (January 29). The League council happens to be in session at Geneva. Japan objects. The Council orders the secretary to arrange for full investigation and consideration.

**A SUNDAY** White House conference (January 31)—attended by the Secretaries of State, of War, and Navy, the Chief of Staff of the Army, and the Chief of Naval Operations—decides to send to Shanghai not only additional naval vessels and marines, but a regiment of the regular army now at Manila.

**THE JAPANESE** seize portions of Shanghai's International Settlement, despite vociferous protests, in their action against the stoutly resisting Chinese (January 31). American marines and the Thirty-first Infantry are rushed to Shanghai from the Philippines aboard a troop transport and under naval escort.

**FRANCE AND ITALY** align themselves (February 2) with Britain and America, in protesting Japan's "unprovoked" attack on Shanghai. This action tends to explode rumors that France was in collusion with Japan's Far Eastern policy. The Japanese bombardment of Chapei is resumed, and endangers American marines quartered in the American concession. Three Japanese flyers are shot

down by the Chinese defenders, who greatly outnumber the assailants.

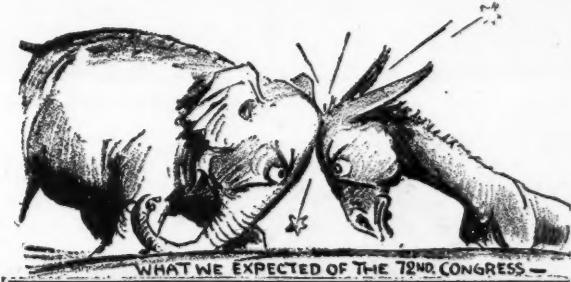
**JAPAN'S CABINET** splits—militarists versus pacifists—in a violent controversy over the Chinese campaign (February 6). By the Japanese constitution, it seems, the State Department has little or no control of the ambitious War Department; the patriotic Mikado serving as the only go-between.

**JAPANESE TROOPS** attack the forts at Woosung, fifteen miles from Shanghai, after a four days' air and naval bombardment. The Woosung defenders—some of them women and schoolboys—put up a stout resistance. Japan proposes permanent neutral zones fifteen to twenty miles wide, around Shanghai, Canton, Hankow, Tientsin, and Tsingtao, with Chinese troops barred from these areas (February 8). American and European comment is cool toward the Japanese neutralization proposals. Foreign properties about Shanghai are reported as suffering severely.

**ADMIRAL NOMURA** of Japan offers a Shanghai truce if the Chinese troops will abandon their city (February 9), retiring to an area twenty miles away. Japanese troops would retire to the Hongkew area in the International Settlement. The Chinese defenders' unexpected successes are behind the offer. Junnosuke Inouye, Japanese opposition statesman and potential Premier, is assassinated in Tokio—presumably because of his moderate convictions.

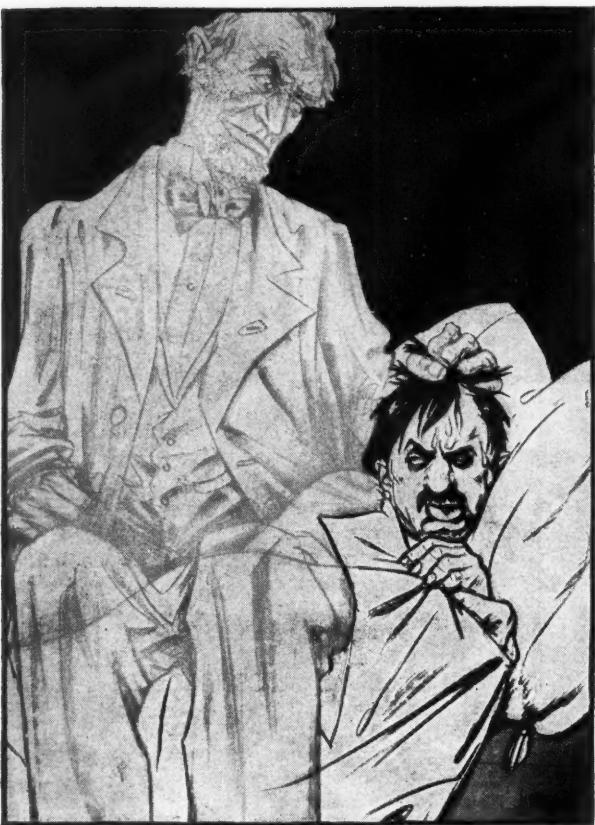
*Continued on page 73*

# Cartoon Sidelights



CAN WE BELIEVE OUR EYES?

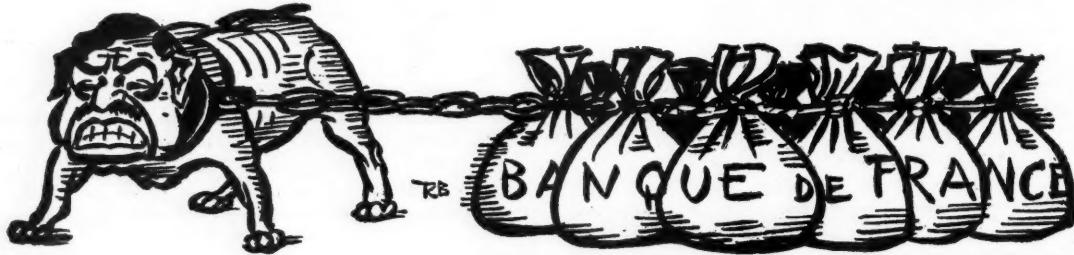


From *Kladderadatsch* (Berlin)

**LINCOLN VISITS LAVAL**  
"I freed the slaves. Free the Europeans!"

From *Pravda* (Moscow)

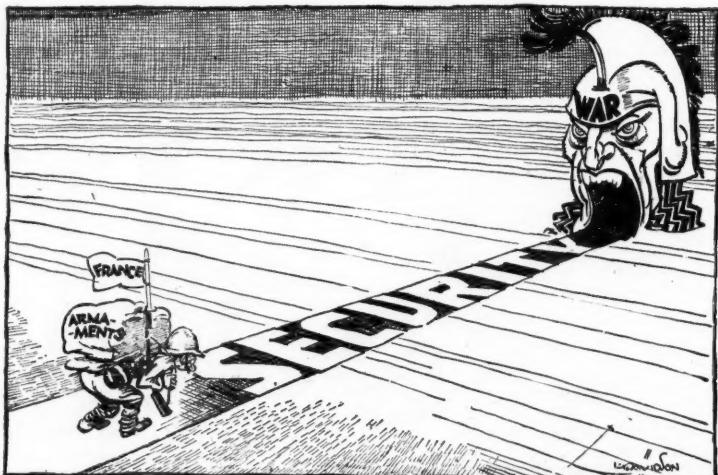
**MR. STIMSON INTERVIEWS WAR**  
"Can't we sell you some heavy armaments?"

From *De Notenkraker* (Amsterdam, Holland)

**THE FRENCH BULLDOG HOLDS ON TO REPARATIONS**  
The determined M. Laval, French Premier, guards his Bank of France capital.



From *Bärenspiegel* (Berne, Switzerland)  
**GANDHI BOXED UP**  
The Mahatma, a great traveller,  
thrives in Poona cells as well as in  
packing-boxes.



From the *Evening Times* (Glasgow, Scotland)  
**"SECURITY" LEADS TO WAR**  
Wouldn't the Frenchman be safer without excessive armaments?

A BANKER for President? A log cabin candidate? This combination is offered to the Democrats.

# Melvin Traylor

By L. W. BURNHAM

**E**VEN IF IT were not a presidential year the country would be glad of an excuse to know more intimately a man like Melvin A. Traylor, president of the First National Bank of Chicago. But from Kentucky, Texas, and Illinois the suggestion comes, persuasive yet confident, that the Democratic convention will find its best candidate for the presidency in this distinguished citizen of Chicago.

Largely self-educated, he became a school teacher, then a lawyer, and finally a banker. More than that, he became president of one of the great financial institutions of the country, when he was but forty-seven years old.

What manner of man is he, this log-cabin born, barefoot mountain boy who saw his first railroad train at the age of twenty; this country school teacher and small-town lawyer who became so wise in banking that his counsel is sought in national and state affairs as well as in his adopted city, in Europe as well as in his own land?

Turn back the pages of history one hundred and twenty-five years. It is the time of the great trek through the Appalachians. The pioneers are streaming through the passes—up the Mohawk Valley, through Pennsylvania, Virginia and what is now West Virginia. They go on into Kentucky, oldest of the states west of the mountains, into Tennessee, into Ohio and the regions of the Northwest Territory. By wagon train, by flatboat, by horse, and afoot they come, not forgetting their rifles. Washington, Boone, Kenton, Clark, and Wayne had blazed the trails. Following them had come the Tom Lincoln family, Andrew Jackson, and the ancestors of Jefferson Davis. Some of the sturdiest of the early Americans were to inhabit the Kentucky mountains.

In this westward trek of early Americans from Virginia into Kentucky by way of the Shenandoah Valley and the Cumberland Gap, came also the Taylors to settle at Breeding, in Adair County, just a little north of the Tennessee line.

It is not easy to find the town on a map. It was only a blacksmith shop and general store to begin with, and it is not important enough now to be shown in large letters. The place is perhaps fifty miles southwest of Berea; ninety miles southeast of Louisville, and just north of where the Cumberland River winds its way through the Kentucky mountains and crosses into Tennessee. It is a picturesque region with its limestone hills and cliffs wooded with red oak, black jack, and pine—a country that can be heartbreakingly dismal in winter, glaring hot in summer, and exquisitely beautiful



Portrait by John Dretnouff

when the dogwood and redbud of spring flood the hills with color or when autumn brings even richer colors out of the north.

On a late October day in 1878, a son was born to James and Kitty Traylor, who was named Melvin Alvah. He was the first of seven children born in that isolated, two-room mountain home made out of two log cabins set end-to-end with space enough between for wash-tubs.

It was from a similar birthplace only forty miles to the north that Abraham Lincoln as a boy had moved into Indiana and Illinois on his way to Washington. A hundred miles to the west Jefferson Davis had first opened his eyes upon the world in which he was to play so stormy a part.

Melvin Traylor, passing his first twenty years in this hill section, remote from railways and the stirring of new times, knew the life of an earlier generation. As the eldest son he raised his father's hogs, kept and sheared his sheep, cleared and cultivated the hill lands, cut wood, split rails, and cradled his father's meager crop of wheat. Until he was eighteen, he never had a pair of shoes on his feet on week days except in the dead of winter; for shoes were a luxury reserved for Sunday.

His schooling was the scantiest. Two miles away was the district school, opening in July and lasting three months until corn shucking began. But the Taylors had a large family to raise, and each of the three elder boys had to work at home at least one or two days a week. Denied the benefits of a formal education, deprived of the advantages now common even in the most modest homes, young Traylor nevertheless took out of the humble environment of that backwoods Kentucky cabin the really great qualities of life—a fine character, common sense, the ability to think clearly, the courage to speak fearlessly, and a love of his fellow men regardless of their circumstances.

There was one book in that cabin, the family Bible; and this he studied until he knew many of its passages

by heart. He grew tall and straight and wiry; with black hair, keen brown eyes, a winning smile. He was quick in thought, glance, and movement; quick, too, and firm in his decisions.

Many of the grown folks in those hills never learned to read or write. Jim Traylor himself had been born in that two-room log cabin, a half mile up the rough road from the country store at Breeding, and died there. Like many of his neighbors, he never saw a railroad train to the day of his death in 1909.

Melvin helped once a week to wash the family clothes, in an old wooden washtub. There was also corn to be shucked, tobacco to be wormed, and the heavier work about the place. At sixteen, with the schooling of a sixth-grade boy today, young Melvin was out in the world "on his own."

His first job, in a country store, brought him twenty-five cents a day and board. Crop seasons he spent at home. After two years he determined to be a school teacher. On horseback he rode to Columbia, the county seat, to attend the Male and Female High School in preparation for a teacher's examination. After four months of study, he took examinations in eleven subjects—including reading, writing, arithmetic, physiology, the science of teaching, geography, and history—was successful, and returned home with a first grade teacher's certificate.

For two years this young mountaineer taught in a small grade school on the banks of Letherwood Creek. Thirty or forty pupils came to his school—some so young they could barely look over the top of their desks, others older than the teacher himself. The term was five months, the pay \$30 a month. This was supplemented by income from farm work as a hired hand between school terms. Meager as it was the income all went to help support the struggling Traylor family.

**O**VER AT COLUMBIA Melvin had won the friendship of an old Confederate veteran, General Garnett, a practising lawyer. Like many other Kentuckians, Traylor borrowed Blackstone and began to read law. He was determined. He would be educated. His thought was perhaps the same as theirs—that politics was a great field for service, a source of honor and influence, and it was almost necessary for a man in politics to be a lawyer. He studied law books far into the night, and after school he would stop at the old veteran's office to be quizzed on his night's work.

Young Traylor's career, however, was not to lie in

Kentucky. He had developed a desire to see something of his country. An uncle had gone to Texas, and neighbors from Adair County had followed. The boy wrote, asking about prospects for a young man in the southwest. The answer was: "Good."

And so in 1898, when Traylor was not yet twenty-one, and when Texas was still in a measure a frontier country, he made a decision that was one of the turning points of his life. He sold his pony, took his small savings, bought a new \$8 suit, and with \$60 in his pocket started for Hillsboro, Texas. He rode horseback to Columbia, and his brother led the horse back home. From Columbia he rode out of the Kentucky hills, out over the winding mountain roads, on the box of an old-fashioned four-horse stage coach, to Campbellsville. Here he saw his first railroad train, and began the journey which carried him to the prairie country of Hillsboro, fifty-five miles south of Fort Worth.

The boy arrived at his destination late at night, in the midst of a heavy rainstorm. It was a trying experience for one who had never traveled before. He struck up a bargain with the trainman, who permitted him to sleep in the coach until morning, and thus spent his first night in Texas.

The next morning, with \$15 of his savings left, he set out to make his way. It was not long before he found a job, clerking in a grocery store. He was up at five-thirty in the morning, for he first had to milk the cow and feed the horses. Later in the day he went from door to door taking grocery orders. Behind the counter he ground coffee, counted eggs, and filled kerosene cans. With a wagon and mule team he made his own deliveries. Everyone in town soon came to know and like Mel Traylor.

But his salary of \$20 a month did not go very far. When he learned that a city fireman could sleep in the fire house for nothing, he lost no time in joining the Hillsboro volunteer fire department. For eight years, the last two as fire chief, he answered every fire alarm, day and night, in order that he might bunk in the fire house and thus reduce his living expenses.

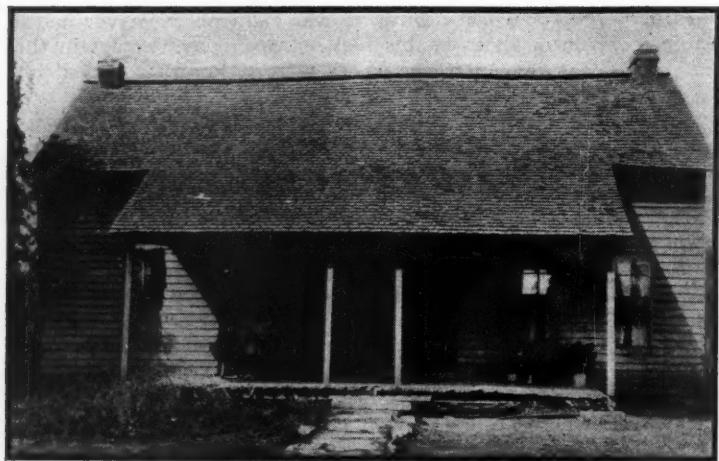
Meantime, Traylor was preparing himself for greater responsibilities. Shortly he was holding down four jobs; from daybreak until three in the afternoon in the grocery store; from three until supper time reading law in a lawyer's office; from seven until midnight as clerk in a hotel, receiving his meals in return. And whenever the fire bell rang he was a city fireman.

After two years in Texas, Traylor was placed in the field as the firemen's choice for City Clerk. There were six candidates, but Traylor was elected to the office, and it paid \$75 a month. A year later, in 1901, night study of law was rewarded by admittance to the bar, and the young Kentuckian was on his way.

At twenty-six he became second assistant county attorney of Hill County, at what seemed to him the princely salary of \$125 a month. Next he opened his own law office. But as he practised in that border town he carefully weighed the possibilities for his future, and one day made a quick decision. He walked out of his law office and over to call upon O. G. Bowman, cashier of the Citizens National Bank.

"I am going into the banking business," said Traylor, "and I want a job in your bank."

"But we haven't any job for you," said Bowman. "Besides, what are you worth?"



THE BIRTHPLACE OF MELVIN TRAYLOR AT BREEDING, TENNESSEE

"Not much yet, but I don't want any pay," said Traylor, boldly disregarding the fact that his savings totaled only \$200.

"After all," meditated Bowman, "why not? Here is a young fellow with a good reputation, and a hard worker, giving up law at twenty-seven to learn banking, and willing to work for nothing."

Traylor was employed. For two months he worked as a bookkeeper without pay. He balanced the books, made loans, and became familiar with every phase of country bank operation. Shortly his industry and ability were rewarded when the president of the bank sent him to Malone, Texas—which then had a population of 150—as cashier of the bank there, at a salary of \$40 a month. The Malone bank consisted of one room, with a vault in the rear. In a space four feet wide, between the vault and the wall, Traylor set up a cot. Again he was holding down several jobs—the bank's officer, the janitor, and the night watchman.

**W**HEN HE FELT fairly well established he married a Hillsboro girl, Dorothy Arnold Yerby, to whom he had been engaged for some time. Immediately after the ceremony the young couple took the train back from Hillsboro to the job at Malone. It was their honeymoon.

When he was given charge of the Malone bank, it was losing money. Within two years it was on a profitable basis. He then moved to Ballinger, in Runnels County, to become cashier of the Citizens National Bank and later its vice-president. This bank was shortly afterward consolidated with the First National Bank of Ballinger, with Traylor, thirty years old, as president.

As the chief industries of Texas were cattle-raising and farming, he applied himself to the study of their problems, recognizing that the welfare of his bank—as well as the community and the state—depended upon the well-being of the cattleman and the farmer. He availed himself of every opportunity to become familiar with their problems and to contribute to their progress. He became expert in making farm and cattle loans, so that he was known far beyond the borders of Texas. Today he brings to farm problems the understanding of a man who once wrestled with them.

As a result of his reputation in this field, the Stockyards National Bank of East St. Louis sent for him in 1911 and made him vice-president—at thirty-three. For three years he filled that position, spending much of his time in calling on bankers and other prospective customers. Wherever he went he made new friends, for he understands people and they have always liked him.

At thirty-six we find Melvin Traylor serving as vice-president of the Live Stock Exchange National Bank of Chicago. That was in 1914. Two years later he became its president. From 1914 to 1919 he was also president of the Chicago Cattle Loan Company. Persistently he was still spending a portion of his time in study, especially of economics and banking.

He acquired a reputation among Chicago bankers for getting things done. His energy, clear-headedness, and executive ability, given self-confidence by his study and experience, now began to count. He brought to the sales organization of the Liberty Loan campaign in Chicago an enthusiasm which swept it to great success.

His success in Chicago became so outstanding that two large New York banks sought his services. The directors of the Chicago Federal Reserve Bank wanted him. For some time, also, the management of the First National Bank of Chicago had been considering him for its staff, and in 1919 he became vice-president of the



MELVIN TRAYLOR (left) and Jess Sweetser. Mr. Traylor was president of the U. S. Golf Association in 1928.

First National and president of its affiliated bank, the First Trust and Savings Bank (now First Union Trust and Savings Bank). Six years later, in 1925, he became president of the First National Bank of Chicago.

To appreciate the real meaning of that honor, it should be remembered that the First National Bank of Chicago is one of the oldest banks in the country, the eighth national bank chartered in America, and second largest of Chicago's great banking institutions. Its presidents have been few and famous, including such men as James B. Forgan, long one of the nation's great bankers, Frank O. Wetmore, formerly head of the Federal Reserve Advisory Council, and Lyman J. Gage, Secretary of the Treasury under President McKinley.

As we come to the present, it would require a long list to include all the business and civic organizations which have had the counsel and leadership of Melvin Traylor. To name a few—he has been president of the board of trustees of Northwestern University, president of the American Bankers Association and the Illinois Bankers Association, president of the Shedd Aquarium Society, Chicago, and of the United States Golf Association. He is a trustee of Berea College in Kentucky, and also of the Newberry Library in Chicago. He served as Chairman of the Committee on Drought Relief for Southern Illinois, and of the nation-wide committee to develop a plan for aiding drought-ridden farmers in all sections. He has been one of the city's leaders in a campaign to rid Chicago of the corrupt and evil influences which in recent years have undermined its government and good name. Within the last year, he has given generously (Continued on page 58)

# The Tax Muddle in Chicago



MAYOR ANTON J. CERMAK

**T**HE TAX SITUATION in Chicago and Cook County is appalling. It is attracting nation-wide attention. The assessment for the taxes of 1927 for Cook County—of which Chicago is the county seat—was by court decree declared in part fraudulent. The State Tax Commission, fearing a similar decree against the assessment of 1928, ordered it set aside and a new one levied. The Board of Assessors used months of time in preparation, with the thought that past errors might be avoided. The result was that the taxes for 1928 were not collected until 1930, a delay of two years.

As a rule, the taxes of one year are paid prior to May 1 of the following year. This is no longer so in Cook County. The delay still continues. The taxes of 1929 were paid about July of 1931—that is, a part of them. In each of these years there was a large default, possibly 30 per cent. This means millions and millions of dollars. Bills for the taxes of 1930 have not at this date (February 1, 1932), been sent out.

In Illinois it is legal to issue tax anticipation warrants up to 75 per cent. of a given levy. When the taxes of 1928 were delayed, banks were loaded up with warrants payable out of that assessment. Political bodies throughout Cook County were in need of cash. They began issuing warrants against levies, the amounts of which were not known. Banks could not legally buy these warrants. Thereupon, in 1930, a public spirited citizen, Silas H. Strawn, organized a group of large taxpayers who agreed to take up \$75,000,000 of anticipation warrants. The state legislature, in regular session, validated all of these anticipation warrants, authorizing the various bodies of issue to pay them out of general

▼ COURTS, legislature, city officials, and citizens' committees—all striving to solve a puzzle which grows ever more difficult

By WILLIAM A. DYCHE

funds, etc. The banks were then in position to buy more of them. But now anticipation warrants are being issued against the assessments to be made for 1931 and 1932. These warrants are not legal investments for trust funds or for banks; but in the suburban areas of Cook County citizens are buying them, hoping thus to keep open their public schools. School teachers in Chicago have not been paid for months, but they continue their work. They are a noble body of men and women.

The state legislature was convened in special session late in 1931 and during February it was in its third special session. The hope is that it will enact laws giving relief; but a new complication has arisen. A certain property owner brought action to enjoin the county treasurer from collecting taxes levied on his property. The judge of the county court—a highly respected jurist—decided in favor of the property owner on the ground that the assessment was fraudulent, inequitable and unfair. It is the opinion of many that this decision invalidates the entire levies for 1928 and 1929; and many think it may affect the 1930 levy. Others contend that the decision is applicable only to the immediate property involved in the case. No one will know its real effect until the decision of the County Court has been interpreted by the Supreme Court of Illinois. More delay!

Certain real estate owners have been urging the non-payment of taxes for 1928 and 1929, and for 1930 when bills for that year have been presented. They have organized a taxpayers' strike. These strikers have much justice on their side, for real estate bears altogether too large a portion of the tax burden. These men are asking the special session of the legislature to legalize bond issues to provide for the delinquencies in collections of 1928 and 1929, and to fund the taxes of 1930. This means bonds to the amount of possibly \$350,000,000. Financiers tell us that these bonds cannot be sold. Their interest and principal payments can be met only out of taxes paid. Bond issues and taxes go hand in hand. These striking taxpayers have created the fear that their strike may continue, hence they are defeating the very object for which they strive. So, there we are—thousands of public employees months behind in the receipt of their salaries—school teachers, nurses in the county hospital, policemen, firemen, and scores of other groups—bills unpaid, bond issues in default both as to principal and interest!

Last summer a commission was appointed, known as Governor Emerson's Commission, to suggest the kind of legislation needed to relieve Cook County, and to prepare the bills therefor. This commission consisted of representative citizens from various branches of business. Fred M. Sargent, president of the Chicago &

## COOK COUNTY VALUATIONS, 1929

(Compiled by Robert M. Sweitzer, County Clerk)

Personal Property.....	\$ 675,692,335
Capital Stock.....	75,968,450
Real Estate.....	3,431,242,182
Railroad.....	221,330,665
Total.....	\$4,404,233,632

The total is that on which the taxes are based for all political bodies of Cook County. The rate which the various districts pay is not uniform, but for 1929 it averages a little less than 6 per cent. Thus taxes due for that year are about \$240,000,000. Figures for 1930 are reported to be 10 per cent. higher.

When one realizes that only about 70 per cent. of the taxes for 1928 and 1929 have been paid, due to the taxpayers' strike, and that taxes for 1930 are not yet in process of collection, it is apparent that Chicago is behind \$380,000,000, more or less.

The valuations in the table above are supposed to represent 37 per cent. of the actual value; though the author gravely doubts it.

Note the small valuation on personal property. Its actual value probably exceeds that of real estate. Yet if it were taxed as real estate is, personal property would be driven out of the state.

Northwestern Railroad, was one of the most active and helpful members. The commission was in session for months, and rendered a voluminous report which was later submitted to a special session of the legislature. Other citizen committees also submitted reports, often in opposition to that of the Emmerson Commission.

The legislature in special session has passed a law removing the elective boards of assessors and review. It has provided that these officials shall be appointed. This is the result of a public demand that they be removed from political influence. It is a step forward.

Mr. Melvin A. Traylor appeared before the legislature on this point in its favor, and spoke with great force. Mayor Cermak strongly backed Mr. Traylor and those whom he represented. How the legislature may enable the taxing bodies of Cook County to raise the money necessary to pay their debts and current expenses is not yet known. Relief will certainly be found, but it will be at least three years before the collection of taxes is on a regular yearly basis. Chicago and Cook County are among the richest districts of the United States. They are on the rocks at present, but it is perfectly certain that they will pay their just obligations. This

may take some time, but there will be no repudiation.

Some of the causes of all this trouble are local; some exist all over the country. Political bodies everywhere usually appropriate within their estimated incomes, but the estimates often are in excess of actual income. Deficits are created and are carried forward from year to year. Needless expenditures are made. Dishonesty and graft too often prevail.

Among the local causes is the antiquated constitution of Illinois. Under it, even an honest and well qualified board of assessors cannot make a levy at once just and legal. The constitution provides that all property must be taxed alike—real property and intangibles. If intangibles were reported, the tax would nearly confiscate the income therefrom. Therefore, few returns of them are made in tax schedules.

Banks must report their trusts, but here the assessor makes only a nominal levy. This is contrary to law, but if he makes a levy corresponding to that on real estate, intangibles would be taken out of the state. But real estate, which constitutes possibly 50 per cent. of our wealth, pays as much as 85 per cent. of our taxes. Billions of intangibles pay little or nothing. If they were fairly taxed, the burden on real estate would be greatly lessened. The owners would gladly report them for taxation if they dared.

Since the decision of the County Court, a judge of the Superior Court has issued a writ of mandamus compelling the board of review to place all personal property on the tax list. The amount involved is said to be in excess of \$15,000,000,000. If the Supreme Court of the state sustains this mandamus, theoretically real estate taxes will be reduced about 50 per cent.; but before another year, practically all intangibles will be taken to other states where they will not be confiscated by excessive taxation. More confusion!

**B**EFORE THERE can be just taxation in Illinois, there must be a new constitution. In Virginia the state derives its taxes from intangibles; the county from real property. The state and counties have different sources for taxes. There is no overlapping. Each county fixes its own valuation on its real estate and its own rate. The state is not concerned. Thus there is little or no antagonism between urban and rural districts. The state taxes intangibles so fairly that they are reported to the assessor. If it were possible in Illinois to tax intangibles fairly, great sums would be received therefrom and the burden on real estate would be lessened. (Continued on page 68)



© Underwood  
Silas H. Strawn



© Moffett  
Frank O. Lowden



Fred W. Sargent

CITIZEN COMMITTEES HAVE LABORED WITH STATE AND CITY OFFICIALS TO SOLVE THE TAX PUZZLE

# Will Hays: A Ten-Year Record

By ALBERT SHAW

TURNING BACK through our files, we find in the issue for February, 1922, a picture of Hon. Will H. Hays, then Postmaster-General of the United States. He was forty-two years old. Photographs taken in the present year show no change of appearance. Hard work through ten years of historic turbulence in this post-war world has not affected the youthful vigor or narrowed the hopeful outlook of this typical son of the Middle West. Let us quote lines printed under our illustration of 1922: "Mr. Hays, as a young Indiana lawyer who had graduated from Wabash College in the year 1900, became active in Indiana Republican politics and made his way by sheer merit to the chairmanship of the National Republican Committee. As Postmaster-General, he has already impressed his policies upon this great Government service."

Our editorial comment at that time ran like this: "Early in January the newspapers gave publicity to a proposal that had been made to the Postmaster-General, Mr. Will H. Hays, to leave his present office and take a position to be created for him by an association of all the important interests engaged in the gigantic motion-picture business. On January 14, Mr. Hays made announcement that he would accept the offer. It was understood that he would retire from the Cabinet early in March, after completing his full year of service as Postmaster-General. Mr. Hays has been not merely a harmonizing leader in Republican politics, but everywhere and always his influence has been exerted for progress in right directions. Already he has impressed himself upon the American postal service—which he has characterized as the greatest business enterprise in the world—as few men have done in the entire history of the Government. In our issue for December he described the postal service and his plans for its improvement in an extended article which sets standards that no successor in the office can disregard."

Younger readers, while knowing something of the present position occupied by Mr. Hays, may not be so well aware of those qualities of tireless activity; of tact and skill in dealing with the diverse interests of many men and many minds; of enthusiasm for progress in the best sense, that had given him so enviable a reputation before he reached the age of forty.

When he resigned from the Cabinet his prospects in political and official life were altogether brilliant. He became the President of the new corporation known as the "Motion Picture Producers and Distributors of



HON. WILL H. HAYS

America." He had the courage to leave a conventional career for something new and little comprehended by his friends or the public. In our comment at that time we remarked: "Mr. Hays has had an ever-growing vision of the possibilities of the postal service as a foremost agency for the further advancement of the American people. Undoubtedly he perceives, in similar fashion, that motion pictures are becoming a pervasive influence, and that their production and display are not to be regarded merely as a private money-making enterprise, but also as a feature in the life of every community, having its marked bearing upon the development of local and national character."

We predicted that if Mr. Hays should have his way, the movies would work with the public schools, the churches, and all other agencies for social welfare and progress; and in thus coöperating for the general welfare, they would give permanence and strength to what is already one of our greatest American industries."

Mere eulogies are too closely associated with things done and ended. Mr. Hays invites no anniversary bouquets; and the great industry with which his name is associated does not turn from its incessant problems to seek applause for its achievements, or praise for those who are identified with its activities and its leadership. Yet it would be impossible to make an appraisal of our manners, customs and social assets today without giving a top-line place to the motion pictures; and we think the ten-year milestone should be made conspicuous.

Mr. Hays spoke before the Boston Chamber of Commerce in December on the motion picture industry in several aspects; and his address comprised, without question, the most illuminating review that has been made anywhere of the commanding industrial and cultural position now held by a form of enterprise that had beginnings so obscure as hardly to be recognized in the first years of the present century.

The economic range and magnitude of this industry give it an essential business standing. It represents the association of many forms of triumph in laboratory experiment and engineering skill. Wealth does not consist in money and credit, although these are necessary instruments of its measurement and distribution. Wealth is composed of desirable things that are made available by mind and effort, and that serve human needs and desires. The electric light, the telephone, the automobile, the motion picture, the radio—these

stand for real wealth, as do vitamins in the food of babies, or other discoveries and achievements for the protection of health and the acquisition of leisure. These things coöperate with one another, and do not compete.

The motion picture industry with its huge investment has continued, in these hard times, to employ several hundred thousand people. It has afforded mental relief and recreation when the nation has needed especially to find diversion.

If the motion pictures have faults—and of course they do not claim perfection—we may truthfully assert that they are so well regulated by their own methods as to stand today on a higher average level than current books and periodicals. We refer to canons of taste quite as much as to standards of conduct. Health rather than disease is conquering in American life; and our greatest agency for public entertainment must be counted a positive means of welfare, with its abuses merely incidental to the conditions of American life that are steadily improving. Mr. Hays, as he looks toward the next decade, expects to find "the pictures" showing a more direct initiative and leadership in elevating the average standard of manners and taste.

**M**R. BARROWS in his article this month deals with the industry—especially as it is confronted by efforts to hamper it through censorship and in other ways that experience does not justify. Like other things, the motion pictures exist in a world of present-day realities, and not in an artistic or moral vacuum. They must be judged by the circumstances that surround them. They can be trusted with their freedom, precisely as if mentioned by name in the constitutional guarantees of liberty of speech, of press and of worship. They will inevitably work with teachers, scientists and all who preach the gospel of a happier use of opportunities that come with wider margins of leisure.

Associated with Mr. Hays in the Harding Cabinet were Mr. Hoover, who is now President; Mr. Hughes, now Chief Justice, and Mr. Mellon, who becomes Ambassador at London after eleven years as Secretary of the Treasury. Mr. Hays might have continued in the Cabinet, gone to the Senate, or served otherwise in high political office. But he believes in the field of useful service upon which he chose to enter ten years ago; and it is our opinion that facts and experiences have fully justified the decision he made in 1922. That decision did not deprive him of his influence as a citizen. He has continued to serve in his church, his political party, his profession as lawyer and publicist, and in many philanthropic and civic capacities. But he has given his energies chiefly to the problems of the motion picture industry, working to maintain its internal harmony and its desirable public relations.

We have too many societies; but there ought to be one more made up of open-minded people, willing to see things as they are. Prejudice and mental blindness are the evils to be combated. Let us compare the investment in motion pictures in a given neighborhood with the investment in churches. With tax exemption and a salaried personnel, the churches would seem to have unlimited opportunity, in these times, to give life, interest, hope and cheer to the people of their neighborhoods. We are spending the taxpayers' money for palatial schools in every village, and to some extent in the open country. Do the churches represent in large part what we call frozen assets? Are the schools giving the kind of training that the investment would justify?

Of course, the churches, in some places moribund, are not dead; and the schools are not beyond the hope of reform. But the motion pictures, when facts and cir-

cumstances are duly weighed, are so dynamic in their influence, and so universal in their appeal, that people of open minds, seeing things relatively, should applaud more than they disparage. The churches might borrow something—not of mechanism, but of energy and fascination—from this new form of entertainment and instruction. Church, school, motion picture, radio—these are all major forms through which we express what is common in our hopes, interests and activities. All such forms are inter-related.

The movies echo literary tastes and reflect dramatic forms. But it is evident that their ethical standards are more closely related to those of the churches. They are the enemies of vice and crime. They are wholesome and objective, rather than morbid. In order to succeed they must find their audiences in all our states and in thousands of communities. They are compelled to appeal to average standards; but in the nature of the case they must note the upward tendencies, and increasingly resist temptation to pander to the degrading.

Our communities are not wholly righteous, but they turn resolutely from the depravity of Sodom and Gomorrah. Parents seek for their children health, sanity, the acceptance of right standards. Accordingly, the motion picture, merely from the standpoint of a successful industry, must support what is salutary in the spirit and aims of the community. It will continue to have a wide range; but it can and will be more discriminating than the press. It will have one thing in common with the best newspapers, however, and that is wholesomeness in views of life, and definiteness in the encouragement of social progress.

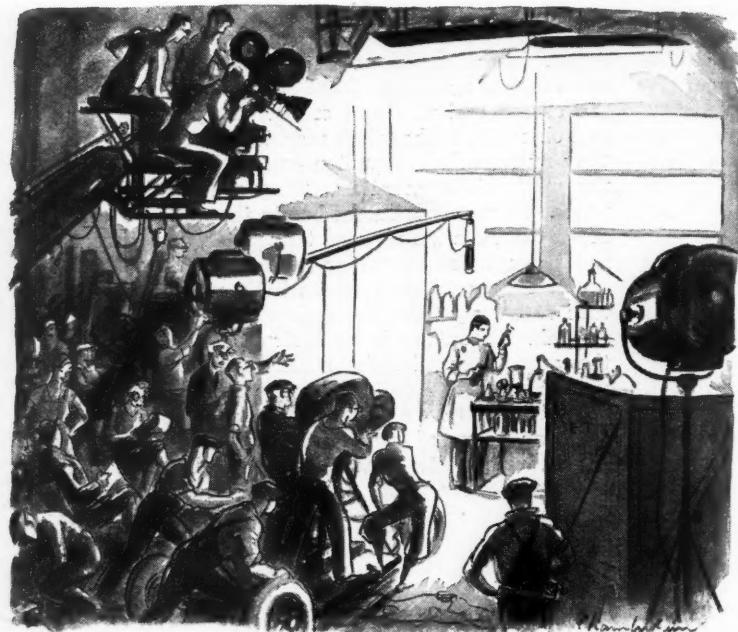
**W**E HAVE NO REASON to think that all the great inventions which are combined in the making and exhibition of motion pictures are conspiring to undermine what is best in our civilization. Exactly the opposite is true. The so-called "sound" pictures or "talkies" are at the beginning of a marvellous success. In the years to come they will improve the vocabulary, accent and conversation of millions of listeners. They will react favorably upon the legitimate drama. They will influence pulpit methods and political speaking. They will have an international influence in lessening barriers of language.

New devices will in many ways transform the movies in the future, even as in all other directions the course of invention will bring undreamed of additions to our indivisible public assets. Perhaps the best thing about the movies is the fact that, like the newspapers, they reach everybody and help to sweep away artificial class distinctions. They remove something of the sting of poverty, and they reduce the pride of wealth.

It is because Mr. Hays sees these things so clearly that he begins another decade of his association with the motion picture industry without any sense of disappointment, and with enthusiasm even greater than that which has sustained him through the ten years that have passed. He is helping to weld the motion picture industry into a stable institution of American life that will go forward in association with scientific progress, with the improvement of artistic taste, and with our better conceptions in the sphere of education.

We can but congratulate him, and at the same time express confidence in the validity and permanence of the motion picture as a contribution to the resources of life. Like every other industry, motion pictures have had to come through their periods of experiment and difficulty, but they rest upon better foundations than many other kinds of business enterprise. Regarded as a social institution, they have earned full acceptance.

# MOTION PICTURES: Success Through Self-Regulation



From the New York Herald Tribune

"ARROWSMITH"—An artist's conception of the business of taking a picture.

No more general or more lively topic of discussion and opinion exists in the United States today than the motion picture. The reason is simple. Of all modern products the motion picture is the most completely characteristic of our life and times.

Any aspect of the industry which we examine bears out this statement. If we consider its position in our industrial organization, we find that 276 different industries, arts, professions and businesses may be involved in the presentation of a single motion picture spectacle. These range all the way from giant power and metallurgy to the most delicate of the fine arts.

As a stimulant to distribution, the Department of Commerce estimates that every foot of film sold abroad returns a dollar of income from other exports; and there are many millions of feet of film so disposed of annually. Small town merchants and urban chambers of commerce testify to the commercial importance of the motion picture theaters in their communities. The potential values of motion pictures for school use are insisted upon by educators. Their influence in church and mission work is stressed by leaders in these fields. Their dominance in public recreation is obvious.

It is natural for these reasons that the motion picture as an institution has been at times a controversial storm center, with attempts to legislate the movies into paths along which different partisans believe they should go. We have a child-like faith in the magic of government, and we want short cuts to perfection. When practical men tell us that short cuts are impossible, we call them narrow, selfish, unprogressive, and ask the government to give us our own way regardless.

By  
**EDWARD M. BARROWS**

Since the first crude motion picture wavered across the screen, its possibilities for social, civic and ethical improvement have been obvious. Leaders of the industry say that they are advancing towards the Perfect Picture as fast as science and human frailty will allow, and they want to proceed along the lines they have begun. Reformers outside the industry, and malcontents within, disagree. They believe that the power of government can force developments in their own way. Motion picture men believe such policies to be ruinous. Both sides appeal to the sovereign public to protect their legislative interests. But the sovereign public generally is indifferent so long as the supply of interesting pictures is not interfered with. Then it strikes. This is the motion picture controversy in a nutshell.

What are the tendencies of the motion picture in our public recreational life? A feeling is sometimes expressed that we live in degenerate times, as far as public recreations are concerned, and that the universal interest in Hollywood and in the movies is a sign of the times. Those who remember the American scene in the '90's know better. There were no motion pictures then, nor any other public recreations worth mentioning.

In the commercial recreation field the line between the classes and the masses was sharply drawn. There were tawdry bathing beaches for the poor, and expensive ones for the rich. Dance halls were very select or very bad. Street carnivals and county fairs catered to elements that parents were anxious for their children to avoid. Saloons, race-tracks, and baseball games were places where classes and masses met on common ground, but scarcely anywhere else.

The great middle classes amused themselves as best they could, for most public recreations were either too exclusive or not exclusive enough. Theatrical nomenclatures of "Vaudeville," "Polite Vaudeville" and "Legitimate Theater" were apt and applicable descriptions, and theater-going was very much a class affair. Patrons of cheap melodrama rarely saw anything above that level, and patrons of the opera and romantic drama saw the cheaper theaters only when they went slumming. Any kind of theater-going was considered questionable in many places, and often for good reasons.

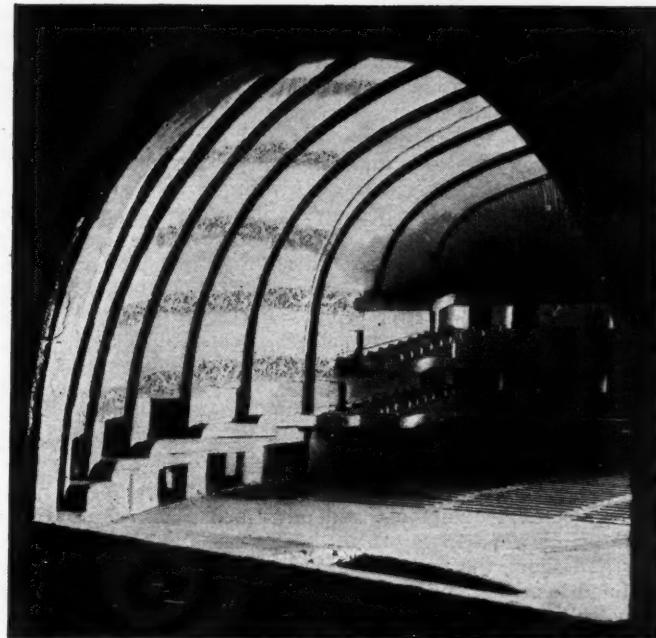
Into this haphazard recreational scheme the motion picture first appeared as a peep show. This settled its social status, for the peep show was a cheap, hence vulgar, amusement. From this lowly position it sprang almost overnight when it advanced mechanically far enough to permit moving pictures to be thrown by a projector on a magic-lantern screen.

▼ A QUARTER-CENTURY span from penny arcade to the crowded motion-picture auditorium. This is the social as well as the industrial achievement of the "movies."

Instantly a social revolution of our public recreations set in. It was as though the world had been waiting for a form of amusement that was both cheap and respectable. The demand for motion pictures assumed proportions far beyond their mechanical limits, and beyond the mental resources of the old-style showmen then in control. There was no order, or regulation, or standardization; there had been no time to devise any. One course only was called for: Supply pictures of any kind, open any kind of place to show them, under whatever conditions were most convenient. The censorship movement had its origin right there.

It was found that the public would pay liberally for entertainment films but not for educational pictures. Educational picture-making therefore languished. As a consequence, fresh protests came from the prophets of an immediate motion picture millennium—but no money. A few high-minded adventurers took some disastrous chances; the others observed results, and turned toward slap-stick and melodrama more vigorously than ever. The censorship movement gained headway from this, and from the fact that attempts to make dramas with intellectual appeal failed, leaving only the sensational movie as a "sure-fire" money-maker. A curious thing about the upholders is that they rarely stand back of efforts to produce the kind of picture for which they clamor. Morality begins at home, and generally stays there.

What has developed since those early days is undoubtedly the most gigantic piece of organization in the history of industry. A system has been built up whereby 22,000 theaters can rely upon receiving sufficient new pictures



THE LATEST in motion-picture theaters. An architect's design for an auditorium in Radio City, a vast amusement center now being developed in midtown Fifth Avenue, New York City.

daily or weekly to maintain operations the year around. This has been accomplished in the face of staggering difficulties due to the technical requirements of every phase of the new industry. Future historians will not wonder at the shortcomings of the motion picture so much as at the marvels of the industry's accomplishments.

An era of consolidation next set in, and with it the accumulations of capital which made possible vast productions of epic pictures to intersperse with the more commonplace productions. With it also came the throttling hand of the Sherman Law, enacted before motion pictures existed, but now applied to retard what good pictures needed most—money, production resources, and assured distribution under a single directorial policy. Motion pictures never got anywhere until they became Big Business. They are expensive to make,

distribution is a complex inter-organization and inter-state matter, and when public convenience is rightly considered they are very expensive to show. Combination is thus indispensable to the industry's advance, yet it continually has to struggle against the legal theory that the only purpose of combination is exploitation.

Finally in 1928 came the latest revolution, the sound film, entertainment for the ear as well as for the eye. The entire industry was reorganized—studios, theaters, exchanges, and all—without interfering with theater operations generally, or without failing to deliver films as needed. It was a gigantic task, complex in its details.



ZUKOR'S first motion-picture house, on Fourteenth Street, New York City, opened in 1904.

Today there are 21,993 motion picture theaters in active operation in the United States. These are supplied by approximately fifty studios, large and small. The studios produce each year some 600 film dramas, besides several thousand comedies and short subjects. An army of 385,000 men and women operates this immense organization, which represents an investment of some \$2,500,000,000. The Motion Picture Producers and Distributors of America estimates that there are 90,000,000 paid admissions to American motion picture theaters weekly, and in the entire world 250,000,000.

These figures reveal only superficially the importance of the motion picture industry in our midst. It has been estimated that the amount of silver used in the making of motion picture film is second only, in bulk, to the amount coined in our mint. Enough film is handled daily to circle the globe, with some to spare. Whole forests of pulp wood and vast plantations of cotton go into the making of it. The amount of textiles, lumber, paint, electrical equipment and other accessories used by the Hollywood studios might keep a large city in repair. In short, the motion picture's value is no longer confined to selling entertainment. It has become one of industry's greatest buyers of basic products.

This immense development did not arrive piecemeal. It came with a haphazard rush of conflict and confusion, that only recently has begun to evolve into orderly progress. Legal questions arose, with no precedent for their settlement. Relations between the three branches of the industry—production, distribution, and exhibition—became involved, with bitter controversies between the trade organizations of each branch. Censorship organizations added their clamor.

From these things the industry has set about to save itself. In 1922, the Motion Picture Producers and Distributors of America was organized. Its object, according to its certificate of incorporation, was that of "establishing and maintaining the highest possible artistic and moral standards in motion picture production, by developing the educational as well as the entertainment

value and general usefulness of the motion picture, by diffusing accurate and reliable information with reference to the industry, by reforming abuses relative to the industry, by securing freedom from unjust and unlawful exactions."

Will H. Hays, former Postmaster General of the United States, was named president, and given widest powers in carrying out the organization's announced purposes. So strongly has his personality been imprinted upon its activities that its original name is rarely heard. It is known throughout the world as "The Hays Organization." Since critics of motion pictures are fond of laying at his doorstep every complication due to motion picture technical problems, it is fair to point out here that to his direct influence also must be credited most of the progressive steps the industry as a whole is taking to meet its public responsibilities. For organized opposition to censorship as public policy, Mr. Hays seems perfectly willing to be responsible. In public utterances and official action, he has frankly committed himself to the idea of internal development instead of external regulation as the way to meet the public interest in pictures. But he never denies the industry's first responsibility to the public.

The new association attacked the problems of the industry in a most fundamental way. It started a campaign to reduce the fire hazards in studios, exchanges, and theaters. It organized a legislative bureau to defend the industry against excessive censorship, and to see that it was represented in other legal matters affecting its interests. Chiefly, however, it concerned itself with the improvement of the pictures themselves; and it adopted a Code covering the types of pictures to be produced, with recommendations as to the best methods of production with the public interest in view.

The Code is not an enforceable set of rules. It is an expression of policy to which all the member producers agree. Free from the restraints of legal inflexibility, it is able to expand in scope and objectives as the industry grows. One of the main tasks of the Hays Organi-

### Will Hays Pays a Tribute to the Talking Picture

**T**HE MECHANICAL marvel which records and reproduces both words and pictures is the instrument with which the speaking likenesses of centuries will be preserved.

Never again shall time wither or age destroy anything that is imposing or exquisite or memorable.

Paderewski's flashing fingers will still pounce upon keyboards and draw sweet thunder from his piano—and Schumann-Heink will still sing and smile from strips of film a hundred years from now.

All achievement delivers its message to and sits for its portrait in celluloid.

The history lessons of tomorrow will be taught from the news-reels of today. Our children's children's children will attend the next presidential inauguration, see the Chief Justice administer the oath of office, and listen to the President's actual address. They will watch Byrd sail for the South Pole and witness Lindbergh begin his flight into immortality.

All great and unusual men and women sooner or later march through the lens of a sound-recording camera to appear and talk to all the peoples of earth.

Everybody everywhere by grace of motion picture enterprise eventually can meet face to face every

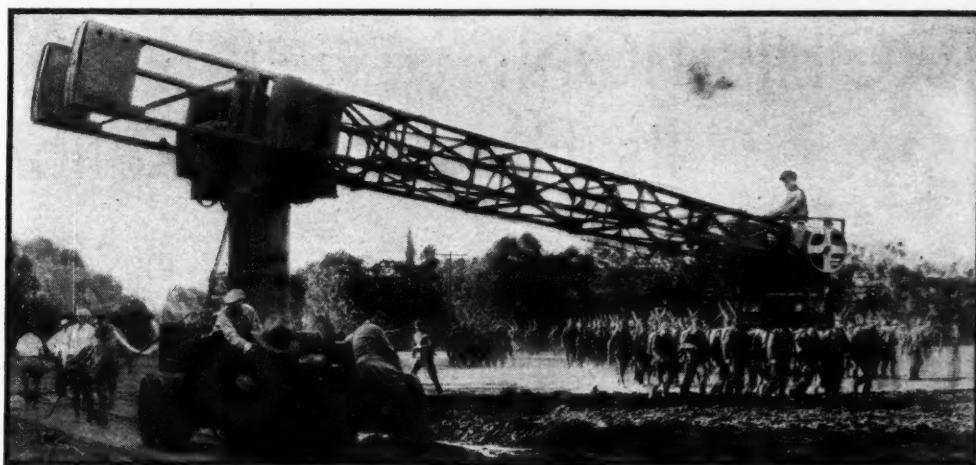
living person of interest or importance.

Motion pictures permit you to become companions of Arctic adventurers and African explorers; they lead you to jungles and deserts and mountain ranges upon which folk have never gazed; and they render you as familiar with the temples, cathedrals and social life of Asiatic and European cities, as you are with the churches, streets and neighbors of your own home town. They line the blank walls of imagination with world-wide tapestries and fill the once drab hours of lonely lives with brilliant entertainment, hilarious amusement and food for sober thought.

We have built for the drama and its most distinguished artists a stage on which presentations are made on scales of grandeur utterly beyond any resources of the speaking theater. We have invented a new language, a language that leaps the barriers of Babel; which translates all literature to common understanding; which teaches the eye what the ear may not comprehend.

Ours is more than a business, far more than an industry; above everything else, it is a servant of happiness, of enlightenment, of culture, of human brotherhood.

**"ALL QUIET"**  
German infantry in Hollywood. At least so it appears. The illustration shows especially well the kind of apparatus now used to carry paraphernalia required to make talking motion pictures.



zation is to interpret and advance its principles. The method of advance has always been one of trial, experiment, conference, and persuasion—never compulsion. Coöperative interests among the producers, it is felt, will secure greater and more lasting results in the end. This policy is justifying itself. The last annual report, summarizing results of ten years' effort, shows how comprehension of the Code is extending throughout the industry.

To develop the quality of public demand for motion pictures, a quiet campaign is going on within the industry that is more earnest and widespread than is generally imagined. One effort is typical. As all informed people know, the chief obstacle to improving motion picture standards has been this indifference of the theater-going public, and its preference for action over art. Pictures above a very moderate intellectual and esthetic plane hardly ever receive adequate patronage, even by the elements that have clamored loudest for improvement. In general the great historical and literary film dramas have been produced at a loss.

Mr. Hays publicly contends that it is the responsibility of the industry to lead public taste in motion picture content, instead of following it. Much interest has been aroused in this suggestion, and many plans have been submitted for testing it. One proposal, made by some studio executives, is that the major companies each year put aside a portion of their earnings for the production of pictures on the basis of dramatic merit alone, regardless of market possibilities. The "block booking" system would insure a widespread showing, even though money is lost in production. A public taste for worthwhile pictures could thus be established gradually.

Another forward-looking activity is the "Open Door." Through it any citizen is given opportunity to make suggestions, with machinery provided so that each suggestion will either be bulletined to the industry or forwarded to the agency best qualified to act upon it.

To let the industry avail itself of the interest of many national civic and social organizations in the promotion of better pictures, pre-view committees have been formed in Hollywood. These are volunteer groups from the organizations interested. They see all pictures in advance of release, and use their influence in behalf of those which conform to standards of social usefulness.

It is through such constructive methods, aimed at raising standards, instead of by the arbitrary censorship of scenes in individual pictures, that Mr. Hays and his associates are trying to reach the goal of the Perfect Picture. They are handicapped by the suspicion with which all major organizations are viewed by the trust-

fearing public, and also by the antagonism created among reform circles by the Organization's aggressive fight against legalized censorship. The reasoning of their critics is simple and sincere. The way to get better pictures is by legal censorship. If the Hays Organization opposes censorship, then it does not want better pictures. That there are more good pictures being shown today than there were in 1925, and more in 1925 than there were in 1920, means nothing to this type of critic.

**T**HE HAYS ORGANIZATION is now taking up the herculean task of making educational pictures adequate and profitable. By "educational pictures" is meant films for classroom, laboratory, shop and clinical instruction. Despite its supreme importance, this field has always been neglected, for the historical reasons already referred to. Motion pictures have had to pay their own way, and school funds have always been inadequate for good professional production. This has led to three kinds of efforts to produce such pictures. All three have injured rather than helped the possibilities of really worth-while effort. Public-spirited citizens have backed amateur attempts at making and distributing "educational" under the sponsorship of educators. Some staggering losses have resulted, for the educators did not understand motion picture technique. Independent producers have attempted to devise such films by rearranging and reinforcing entertainment films, but have not been successful because they had no resources or were often ignorant of pedagogical needs.

Worse obstacles have been offered by the use of public funds to make special films which are offered free or at cost for educational work. The federal government is the worst offender here. It uses civil service employees to make amateur films, offered so cheaply that it is impossible to sell well-made films in competition. School appropriations for visual instruction have been lowered to meet the level of government-subsidized films, and this has financially crippled the efforts of those few producers who have undertaken educational production on a comprehensive scale.

After several years' study, the Hays organization is effecting coöperation between several educational groups and some major producers, on an adequately financed long-time program for developing the quality of the demand for education pictures, and for supplying that demand. This kind of effort could be effected only through such a centralized influence as the Motion Picture Producers and Distributors of America.

*Continued on page 60*

# PROHIBITION: Its Effect on Taxation

By C. T. REVERE



By McCay, in the New York American ©  
WHY NOT USE THE OTHER COAL BIN?

**I**N THE LAST FEW MONTHS the perplexities of our economic crisis have brought about a disposition to consider our Prohibition problem from an unexpected angle. Hitherto we have viewed it almost entirely from its ethical, social, or so-called moral aspects; and deeply rooted prejudices have left proponents and antagonists as far apart as ever. The time is at hand, an increasing number believes, to examine this vexed question from the economic standpoint. Is Prohibition worth what it costs?

Primary consideration should be given to benefits arising from the adoption and attempted enforcement of the Eighteenth Amendment. One of the clearest appraisals of the advantages derived from Prohibition is contained in the statement of Roscoe Pound, dean of the Harvard Law School, and a member of the Wickersham Commission. In his separate statement, Dean Pound says:

"As I interpret the evidence before us, it establishes certain definite economic and social gains from national Prohibition. But it establishes quite as clearly that these gains have come from closing saloons, rather than from the more ambitious program of complete and immediate universal total abstinence to be enforced concurrently by nation and state."

Although there are many opponents of national Prohibition who will not go even so far as to endorse Dean Pound's restrained conclusion, the surface evidence for a few years after the adoption of the Eighteenth Amendment would seem to support his summary. After recovering from the deflation of 1920-21, the United States embarked on a career of dazzling prosperity. Old World observers viewed this phenomenon first with skepticism, then with amazement. Delegation after

delegation of economists, industrialists, and labor leaders from the other side came to the United States in the hope of obtaining the master key.

There was hardly a foreign observer, or a domestic economist, or an important industrial leader in the United States who was not willing to give a large share of credit to the Eighteenth Amendment and its operation under the Volstead Act. There was no disposition to change this opinion as 1927, 1928, and 1929 rolled by.

Since the market crash of 1929, and the lapse into a depression that baffled attempts at remedy, we have witnessed a disposition to examine more closely into the causes of our recent prosperity, and to appraise the part played by Prohibition.

All available indices relating to liquor and intoxication show that for a few years after the adoption of the Eighteenth Amendment, the enactment produced certain results highly gratifying to its proponents. The death rate from alcoholism per

100,000 population, had dropped, by 1920, to less than a quarter of the 1917 rate. Indeed, the death rate from alcoholism per 100,000 industrial policy holders of the Metropolitan Life Insurance Company fell from 4.9 in 1917 to .6 in 1920. Arrests for drunkenness per 10,000 population in 371 towns and cities, which stood at 137.21 in 1918, fell to 70.57 in 1920. We also might take the record of new cases of alcoholic insanity admitted to state hospitals in New York and Massachusetts, figures compiled by the National Committee on Mental Hygiene. In 1918, for New York, the rate was 3.5; in 1920, 1.2. In Massachusetts, in 1918, it was 7.9, and in 1920, 2.6.

The record since 1920 is interesting, and some may consider it significant, for the trend is reversed. The alcoholic death rate per 100,000 rose from 1.2 in 1920 to 5.0 in 1928. The alcoholic death rate per 100,000 industrial policy holders of the Metropolitan Life Insurance Company rose from .6 in 1920 to 3.4 in 1929. The rate per 10,000 population of arrests for drunkenness in 371 towns and cities, rose from 70.57 in 1920 to 151.38 in 1929. The New York alcoholic insanity rate rose from 1.2 to 4.4, and the Massachusetts rate increased from 2.6 in 1920, to 4.9 in 1928. Revocation of drivers' licenses for intoxication, based on a rate per 10,000 automobile registrations, makes the following showing: In Massachusetts, revocations rose from 27.8 in 1920, to 52.4 in 1929. In Rhode Island they increased from 17.7 to 41.3; in New Jersey from 13.8 to 24.4, and in Connecticut from 13.8 to 52.4.

Apparently the conclusion to be drawn from these exhibits is that after the first flush of activity following the adoption of the Eighteenth Amendment, and the passage of the Volstead Act, liquor became more plentiful and available. Such a view would seem to be sup-

▼ A DRY AMERICA was once believed to be a factor in national prosperity. Now the abandonment of Prohibition is urged as a way out of our prolonged economic depression.

ported by statistics set forth in the annual reports of the Prohibition Unit. In 1920, the seizures of distilling apparatus were reported as 15,416. In 1929, these seizures reached a total of 247,052. In 1920, seizures of liquors amounted to 153,735 gallons; in 1929, they reached the astounding aggregate of 30,429,301 gallons.

Two deductions seem warranted. One is the growth of law violations and the expansion of illicit liquor making. Another furnishes the implied reason for the increase in the alcoholic indices set forth above. Evidently a large surplus of liquor escaped confiscation.

The Association Against the Prohibition Amendment has estimated national expenditures on alcoholic beverages, for the year 1929, at \$2,848,000,000. Many believe that its research department has been timidly conservative. It places the retail cost of 790,000,000 gallons of beer at 50 cents a gallon. The 200,000,000 gallons of spirits are given an estimated retail cost of \$11 per gallon, or \$2.75 per quart. These are so far below the usual bootleg prices that another carefully considered estimate of our national liquor bill would place it between \$4,000,000,000 and \$5,000,000,000 per annum.

Before Prohibition, the *American Grocer* used to compile estimates of the national drink bill. In 1913, the peak year of liquor consumption before Prohibition, the total drink bill for the country was estimated at \$1,817,000,000, including federal and state revenues.

In the light of this showing, there should be little occasion for surprise in the contention that economic factors, rather than the influence of Prohibition, were responsible for our prosperity from 1923, or thereabouts, to 1929. In fact, a study conducted by an eminent commission of economic investigators, headed by Herbert Hoover, completed in 1929, with the results published under the title "Recent Economic Changes," emphasized the following outstanding factors in productivity: (a) Increased use of hydro-electric power. (b) Improved machinery. (c) Mass production. (d) Personnel management. (e) Industrial research. No mention was made of the influence of the Eighteenth Amendment.

THESE DETAILS of our Prohibition record may enable us to observe more clearly the fiscal aspects of the problem, and possibly to determine if a revision of our policies may not provide a fundamental step in economic recovery. Former Secretary Mellon estimated the federal government's deficit, at the close of 1931, at nearly a billion dollars, with the prospect that for the next two years we must face a total deficit of three and a half billions. National credit is imperiled by the spectacle of an unbalanced budget. We have the alternative of borrowing more or taxing much more heavily. Another vast volume of debt harasses our states and cities, with hundreds of our municipalities on the verge of bankruptcy. Taxes in many localities are practically uncollectable. We have over-tapped ordinarily productive sources of revenue.

The endless chain of tragic circumstances is portrayed in more than three thousand bank suspensions in the



By Orr, from the Chicago Tribune ©  
BUT HE MAY BE FORCED TO IT

last two years. Most of these banks were soundly and honestly managed. They were caught in the vise of frozen assets. The explanation of this condition will be found in the burden of taxation. Half of our leading railroads were unable to meet fixed charges in 1931, largely because of their colossal tax burden. Uncollected and uncollectable taxes have impaired the investment value of municipal bonds hitherto considered gilt-edged. Drastic economies may afford partial correction, but it is a slow process and meanwhile accumulated debt stares us in the face. The shrunken portfolios of banks, trust companies, and insurance companies are largely reflexes of our tax situation. We are sure to find in this the major explanation of our bank failures.

There should be little occasion for wonder that we are now hunting for new sources of revenue and more things to tax. Probably no one has given a more intelligently helpful suggestion in this respect than Prof. Edwin R. A. Seligman, of Columbia University, an international authority on taxation. Professor Seligman, in a recent statement, said: "The first point that strikes one here is that if Prohibition were not in force the taxes on liquor would have rendered unnecessary not only all these miscellaneous taxes, but all the other tax proposals of Secretary Mellon. The United States has voluntarily abandoned what is the greatest fiscal resource of virtually every country in the world."

It is not difficult to picture the reaction of the average citizen when informed that the Government might have collected \$11,000,000,000 in the last twelve years, in liquor taxes, without adding one dollar to the nation's liquor bill. Indeed, our liquor expenditures would have been much less, if we count the toll of political corruption, bootleggers, hijackers, and gangdom generally.

When national Prohibition first became effective, fifteen states (with a total population in 1920 of 55,257,000) permitted the sale of alcoholic beverages. These states were California, Connecticut, Delaware, Illinois, Louisiana, Maryland, Massachusetts, Minnesota, Missouri, New Jersey, New York, Pennsylvania, Rhode Island, Vermont and Wisconsin. Estimated consumption and revenues in these fifteen Wet states in 1931—without

Prohibition and with a government tax—are as follows:

Total wine tax.....	\$ 10,891,433
Malt Liquors .....	238,674,636
Spirits .....	750,988,830
 Total.....	 \$1,000,554,899

Consumption in the fifteen Wet states is estimated on the basis of the annual per capita rates which prevailed throughout the entire country from 1911 to 1914. The excise rates in force in 1919, which never have been repealed, are employed as a basis for calculation. A tax of 20 cents per gallon was applied to wines of low alcoholic content, and a tax of 60 cents on heavier wines. In 1919, two-thirds of the wine consumed paid the lower tax. In that year, three-fourths of the beer consumed was taxed at \$3 per barrel, and one-fourth at \$6. After 1919, however, all beer would have been taxed at \$6 per barrel. Spirits would have been taxed at \$8.50 a gallon (including a general tax of \$6.40 a gallon and a "floor tax" of \$2.10 per gallon).

The total cost of Prohibition enforcement from 1920 to 1931 is placed at \$370,360,585. This is based upon official figures. Deduction of fines and penalties collected—approximately \$60,000,000—makes the net cost of Prohibition enforcement for the first twelve years, in the neighborhood of \$310,000,000.

The full revenue possibilities cannot be computed until more is known about the number of states that would cling to Prohibition, and those that would liberalize their laws. With twenty-five states abandoning Prohibition, and with the tax levied on the basis of the present British rate, the available annual revenue could be estimated at between \$2,500,000,000 and \$3,000,000,000. The figures apply only to federal income.

The writer cites the British excise rate because it furnishes a practical example of revenue experience. In 1913, the total revenues of Great Britain from alcoholic beverages were \$202,051,605. In 1921, they reached \$979,469,458. There followed a marked drop in liquor consumption, bringing a reduction in liquor revenues until in 1930 only \$629,856,544 was collected. This liquor revenue was derived from a nation with a population less than one-third that of the United States, and with far less per capita wealth or spending power.

Moreover, it might be pointed out that the per capita consumption of liquor in Great Britain has declined steadily under a regime of modified liquor control and higher taxation. Consumption of hard liquor in 1929 was only 40 per cent. of the volume of 1913. Beer consumption fell off 41 per cent. in the same period. The ratio of convictions for drunkenness, per 10,000 population in 1929, had registered a decline of 73.6 per cent.—the figures applying to England and Wales.

The largest liquor revenue obtained by the states before the passage of the Eighteenth Amendment was in 1917, when it was placed by the United States Census Bureau at \$22,439,941. The returns today could easily be trebled in view of the probable increase in rate. Statistics on liquor revenues of cities before the advent of national Prohibition are available only for municipalities of over 30,000 population. These receipts apparently reached their peak in 1915, with a total of \$39,606,956. Here again the figures will stand trebling on account of the certainty of higher excise rates.

To the American citizen who has studied our Prohibition problem, or who is willing on account of our fiscal crisis to examine its economic aspects stripped of former prejudices, certain vital questions present themselves. Some of them may be put as follows:

1. Has our Prohibition achievement in the last twelve

years been worth the \$11,000,000,000 we are estimated to have paid for it?

2. Would a change in our liquor policy, either through a repeal of the Eighteenth Amendment or the adoption of a Twentieth Amendment turning over to the separate states the control of liquor traffic, and the imposition of higher federal excise rates, lead the way to recovery from the present depression?

3. Are we, the people of the United States, so firmly wedded to Prohibition that we would cling to it even if we were shown that by modification we would be making the first fundamental step toward national and world economic recovery?

**I**N THE EVENT that we should take such a step—and many economists and business leaders believe we can not act too soon—what would be done with this increased revenue, and what would be its effect not only upon our domestic position, but the world situation as well?

It should not be necessary, as some have suggested, to reduce the income tax rate. We have become accustomed to paying the income tax and the present is no time to reduce it. Moreover, when business has profits, it is willing to pay its just share to the Government. The proceeds from this new income should relieve distressing burdens elsewhere.

If the taxes on the railroads, for example, could be reduced from the present burden of approximately \$400,000,000, to \$100,000,000, it would be possible for the carriers to institute lower freight rates, particularly on farm products, and thus give agriculture genuine relief. It should be possible to work out a plan whereby, for a period of years, a sum amounting to a billion dollars annually could be allocated to the various states in compensation for reduced taxes on farm lands and other real estate. The chief benefits, most of us will agree, should accrue to the farmer, giving him opportunity to clear up his mortgage. With the lifting of taxes on real estate, railroads, and other depressed groups, the bonds of railroads, industrial corporations, and municipalities would recover to a normal basis.

The effect upon our banking situation would be electrical. A large percentage of our closed banks would become admittedly solvent. The threat now overhanging life insurance companies would be instantly removed. Hundreds of millions of dollars hiding in safety deposit boxes would reappear in bank deposits.

There would be a revival of industrial and business activity that would take on boom proportions. The iron heel of deflation would be lifted from all sound securities, as well as from every commodity produced from soil and mine. Inside of a few months we would see dollar wheat and twelve-cent cotton, with other products recovering above poverty production cost levels. We would hear no more appeals for acreage reduction.

It would be difficult to visualize the effect of such a step on the foreign trade of the world. For the first two years, at least, the imports of distilled, vinous, and malted liquors would reach a volume that would go far toward paying for our cotton, wheat, copper, and other raw materials—and a host of manufactured products.

No attempt has been made in this discussion to present a substitute for Prohibition. The pressing need of the hour is a source of revenue that will lead to economic rehabilitation. The experience of other nations—Sweden with the Bratt system, Britain with increased taxation, and successful control measures adopted elsewhere—should provide helpful suggestions for dealing with the social aspects of the problem. One thing is clear: the saloon has passed out of the picture forever.

# FEAR versus Confidence

A VIGOROUS program is now under way to arrest deflation and dispel fear; to restore credit and reconstruct upon what seems now to be a firm foundation. The Government sponsors a program, but the banks must help.

By OGDEN L. MILLS

SECRETARY OF THE TREASURY

basis for recovery; that undoubtedly adjustments in particular fields remain to be made; that governmental expenditures, national, state and local, are altogether too high; that costs in a number of industries must be further reduced, and that adjustments of this sort must continue to be made, the outstanding fact today is that deflation has proceeded much too far. Every additional decline in credit and prices and securities brings with it further bank failures, and bank failures in their turn lead to further contraction in credit and prices. The deflation has now reached a point where it feeds upon itself, and where forces working for economic recovery are nullified by the psychological momentum of the downward movement.

If the psychology of fear can be dispelled, there is real ground for the belief that the foundation is now sufficiently firm to justify our vigorously addressing ourselves to the task of reconstruction.

There is ample evidence that economic readjustment has proceeded far in the affairs of individuals, business and financial institutions, and more recently of the nation and its political subdivisions. The wholesale commodity price level has declined about 32 per cent. Wages of all kinds are on the average down approximately 10 per cent.; and so many of the smaller units in banking and business have been closed that there has been a reduction of 2000, or more than 10 per cent., in the number of our banks and over 28,000, or roughly speaking 1½ per cent., in our business concerns during the last year. The weakest spots in our banking and business structure have been eliminated by the closing of these institutions.

**M**EANWHILE, the 1931 records of many business units indicate that they have at last so adapted themselves to prevailing conditions that with some increase in activity their operations may now be carried on at a reasonable profit. The nation, the states, and the cities are attacking the problem of budgetary equilibrium with increasing vigor. There is a surprising unanimity of opinion among industrial and banking leaders and among economists that liquidation has proceeded beyond the point of whatever benefits it may confer and that a healthy, progressive recovery is possible and of course desirable.

The essence of the problem is to arrest deflation, to make available the credit needed by American business, industry, and commerce, and to encourage its use. We require a vigorous, coöperative program. Such a program has taken definite shape. Its early operation is assured. There must be no holding back. We must press energetically forward all along the line toward the attainment of these definite objectives.

The government of the United States is prepared to do its full share. It is to begin by putting its own house in order. Through rigid economies and increased revenues we propose to bring the budget into balance in the sense that there will be no further increase after July 1 next in the public debt. This is essential, not

**T**HE UNITED STATES is passing through one of the most serious depressions in its history. There is not much profit in emphasizing the dark side of any picture, but as the physician must diagnose the character and extent of the malady before he can prescribe, so must the severity of the downward movement in business and the consequences which it has entailed necessarily furnish our point of departure.

Wholesale commodity prices have declined 32 per cent. in the last two years; industrial production has declined 44 per cent. This precipitous drop in values and in production has been accompanied not only by a sweeping contraction of credit but by a very serious disorganization of credit facilities. The decline in the volume of bank credit has been the largest ever experienced in this country. Total loans and investments in the banks of the United States have declined more than \$6,500,000,000 during the past two years, in addition to a drop of more than \$6,000,000,000 in loans made to brokers by others than banks. Considering also the heavy shrinkage which has occurred in the amount of money borrowed currently to finance instalment purchases of goods, and in open book credit and similar forms of commercial advances, we have experienced a credit reduction of unprecedented magnitude.

By the middle of 1929, from a variety of causes—of which in my humble judgment human nature was by no means a minor one—our whole economic setup had reached a point where a sweeping decline was as inevitable as the downward course of the noonday sun toward the horizon. Economic excesses inevitably entail economic readjustments. When the economic pendulum swings much too high, its subsequent downward course is likely to be accelerated and will continue until the readjusting forces have spent themselves. At that point stabilization should take place and an upward movement would be resumed were it not for the imponderable factor involved in human nature itself.

I have the very distinct impression that whereas up to the last quarter of 1931 economic factors exercised the preponderating influence, from October until January, 1932, psychological influences have played the leading part. During those three months the psychology of fear was written in large letters on every step of the downward course.

Even after due consideration of the fact that in 1929 speculative expansion reached fanciful heights; that the country was living too much on credit; that many of the debts had to be eliminated before we could find a

only to maintain unimpaired the credit of the United States Government, which is of supreme importance to all, but so that government financing may not interfere with normal operations of security markets, and divert capital essential to the revival of industry and trade.

In the meanwhile, to finance current expenditures for the balance of this fiscal year and to cover the President's emergency program, it will be necessary for the Treasury to borrow approximately \$1,500,000,000 over and above refunding operations. This is unavoidable. But if the Treasury, as it proposes to do, adapts its methods of borrowing to the current conditions of the market, these operations should not occasion concern, particularly as a large part of these funds is to be applied to reinforcing the credit structure, and some portion at least to meeting the needs of industry and commerce.

The Reconstruction Finance Corporation should furnish a mobile reservoir of credit available during the period of depression for credits otherwise unobtainable and at the same time an adequate guarantee against unforeseen contingencies. Aside from the affirmative assistance which this corporation should render, I visualize it as constituting a solid wall under the protection of which men and institutions can carry on their normal operations without fear of sudden and devastating interruption.

The strengthening of the Federal Land Bank System will insure to the farmer the credit facilities to which he is entitled, and it will maintain at the high point which the investor has the right to demand the credit of these institutions.

The creation of a system of Home Loan Discount Banks should serve the constructive purpose of partially liberating resources that are at present tied up and it should thus encourage new construction, and permanently improve the facilities for financing this type of operation.

**L**IBERALIZATION OF THE discount provisions of the Federal Reserve act will bring our policies—modified, of course, to meet American conditions—more in line with the well-established practices of central banks in foreign countries, while a modification of the requirements governing collateral against Federal Reserve note issues should establish a more rational and adequate use of our gold reserves.

The development of a program to assure early distribution to depositors in closed banks will not only mitigate the suffering inflicted on thousands of families but tend to have a direct effect on the general economic situation.

Finally, the Interstate Commerce Commission has recommended legislation which will strengthen our transportation system and restore confidence in the bonds of our railways. Indeed, the Reconstruction Finance Corporation is intended to be particularly helpful to the railroads.

In discussing railroads I am not approaching their problem from the transportation, but rather from the credit standpoint. Railroad bonds have always been looked upon as one of our prime investment securities. As a result the savings of the American people are invested directly and indirectly to a greater extent in railway securities than in any other class except United States bonds. It is estimated that more than 70 per

cent. of all railroad bonds and notes are held by banking, insurance and other institutions.

The universal decline in the value of railroad bonds has played a very large part in the general threat to the country's credit. I know of no more important factor looking to the restoration of confidence and the general strengthening of credit than the safeguarding of the financial structure of this great industry.

**S**OME OVER-TIMID CRITICS claim to have detected in this program the germ of inflation. They fail to distinguish the unmistakable dividing line between inflation and the arresting of a deflationary process which has gone to extreme lengths.

The operations of the Reconstruction Finance Corporation have been carefully safeguarded. They are designed to free rather than create credit. Increased Treasury financing is limited in amount and time. In the United States commodity prices, wholesale and retail; security values, wages, corporate and other business budgets, and now governmental budgets, have been and are being subjected to drastic readjustments. So that today credit expansion must be looked upon as constructive and desirable rather than inflationary and dangerous. Furthermore, leaving aside the all-important fact that the public temper was never more discriminating and conservative, history shows that a dangerous inflation does not follow upon the heels of a drastic deflation.

Here is a program that strikes at the very roots of our economic difficulties. It is intelligently conceived and should be vigorously carried out. But governmental leadership and action alone cannot achieve complete success. They should be supplemented by a far-sighted and liberal Federal Reserve policy, and, above all, by affirmative and courageous coöperation of our banks.

A direct responsibility rests on the great banking institutions of the country. In the past in similar emergencies they have rendered tremendous service to the nation. The opportunities for leadership and service are today even more imperatively here. Free from the spirit of competitive individualism, they must establish a solid front and through a coöperative and unified program attack a problem which they above all others are best fitted to solve. The calamitous process of deposit and credit contraction must be arrested. The flow of funds from all parts of the country to the financial center should be reversed. The full use of available credit should be encouraged. Each bank should become a strong point, radiating confidence. Resources are truly important only to the extent that they are used.

Prior to the establishment of the Federal Reserve System, the banks in the large financial centers were in essence the central banks of the country and were fully conscious of their position and the responsibilities which it carried. It is a mistake to assume that the coming into being of the Federal Reserve System has completely altered their relationship to our banking system as a whole. A large measure of responsibility still exists, with this fundamental difference: that with the facilities of the Federal Reserve System available they should be able to act with greater initiative, courage and resolution than ever before.

Our problems and difficulties, serious as they are, can and will be solved if we unite in attacking them resolutely, confident in ourselves and in our future.

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# Science Conquers Rickets

Now the Sunshine Vitamin D Is Produced in Milk

By

JAMES A. TOBEY, Dr.P.H.

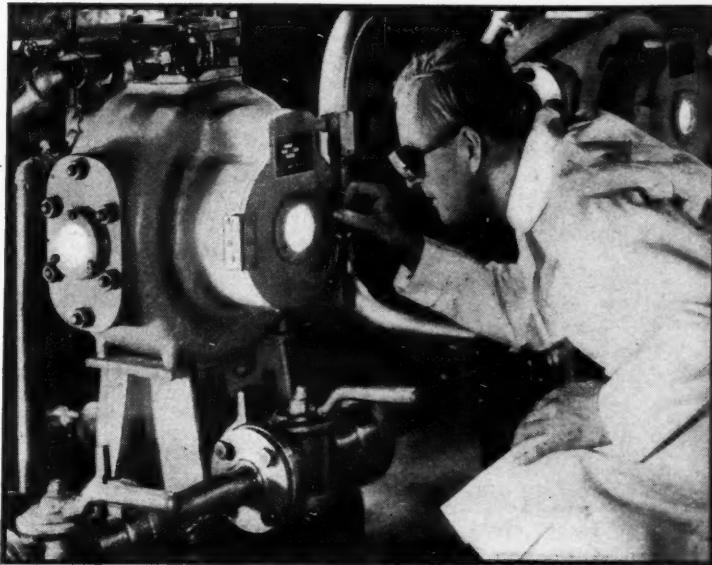
**J**UST HOW some mother among the fisher folk of Northern Europe several hundred years ago discovered that an oil from the liver of the cod fish would cure rickets, can only be surmised. But this knowledge was long held as a sort of legend, passed down from generation to generation. As a remedy it was in much the same class as some of the herb concoctions of our grandmothers, and at first was looked upon with suspicion by the medical profession.

Under these circumstances the distribution and use of cod-liver oil was very limited and rickets was almost universally present among the children of northern Europe. The late Dr. J. A. Foote of Georgetown University, Washington, D. C., most interestingly called attention to the great frequency with which deformities of rickets are clearly pictured in the early paintings of the Germans and the Flemish. In fact, these paintings seem to indicate that the infants of that period and territory were so regularly rachitic that artists were unconscious of the deformities in their models, regarding them as natural conditions.

Rickets, the bone disease, has been one of the serious hazards of infancy since the dawn of history. For the last three hundred years, or ever since this disease was first accurately described and catalogued, science has been seeking a specific against it. Much has been added to our comprehension of rickets in that time and great progress has been made, but only recently has the final victory been achieved. If the present knowledge is rapidly adopted, rickets will soon be as rare as the once dreaded scurvy.

The successful completion of the centuries-old fight against rickets became known at the last annual meeting of the American Medical Association, in an address by Dr. Alfred F. Hess of New York, an international authority on the subject. He told the assembled physicians how he had proved by actual clinical tests, with one hundred babies, that rickets could be prevented and cured by the simple expedient of feeding infants with milk from cows whose rations had been skilfully irradiated with ultra-violet light.

This latest discovery, less simple to evolve than it sounds, makes it possible for the first time to protect infants against rickets by means of the common use of a natural baby food. The importance of this plan is apparent when it is considered that more than 50 per cent. of all white babies in the north temperate zone—and an



POWDERED YEAST is irradiated in this machine. When fed to cows, it increases the Vitamin D content of their milk.

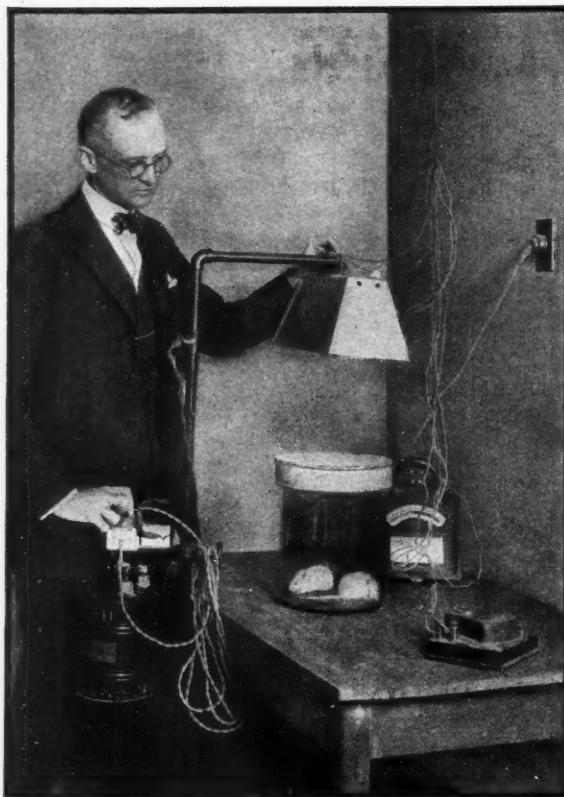
even higher proportion of colored babies—are afflicted with rickets. If improperly treated or neglected, this disease predisposes to tuberculosis in later life and to many other physical impairments.

The successful method evolved by Dr. Hess and his colleagues, when universally adopted, will eliminate rickets on a large scale. The plan is superior to present methods of depending upon therapeutic agents which are expensive, time-consuming, and difficult to give. It is even more efficacious than the administration of cod liver oil, the old standby in the treatment of rickets, which invariably requires the close coöperation of physician and mother in order to be successful.

For many years it has been noted that sunlight had something to do with the prevention of rickets in children, a conclusion emphasized by the fact that this disease is practically unknown in the torrid zone. In a survey of the poor and under-nourished children of Porto Rico, made several years ago by Dr. Martha M. Eliot of the United States Children's Bureau, 584 children were examined but only one case of marked rickets was found. Further inquiry developed the fact that this child had until three months previously lived in New York City.

Our larger cities contribute to the prevalence of rickets not only because of the lack of sunlight in many homes, but because of the smoke and dust in the atmosphere, which tend to screen out the precious ultra-violet rays of the sun. In smoky cities a higher incidence of rickets prevails than in those blessed with undiluted sunlight.

Studies of rickets made in India have brought out the curious fact that in that land of sunshine the children



DR. HARRY STEENBOCK, in his laboratory, irradiating test animals by means of an ultra-violet lamp.

of the high-caste Hindus almost always develop extremely severe rickets while the infants of Hindu laborers, even though poorly nourished, are almost never afflicted with the disease. The explanation lies in the fact that the high-caste Hindu mothers are compelled by religious custom to keep away from the public gaze, so that their infant children are practically never taken out of the dim and dusky rooms.

**N**OT UNTIL the discovery of the vitamins was systematic progress made in the study of rickets and its treatment. Until 1911 or 1912 it was taught that all that was required in food was the proper proportions of proteins, carbohydrates, fats, and minerals, usually found in all ordinary foods. As late as 1906, Dr. W. O. Atwater, then the outstanding diet investigator in America, recommended to housewives the purchase of those foods which gave only the three constituents, fat, protein, and carbohydrate, in the cheapest form. In a bulletin of the U. S. Department of Agriculture, Atwater and his associate, Bryant, made no mention of the hazards of using a diet restricted to a few foods, nor the danger of inducing what are now known as deficiency diseases through the use of too simple and monotonous a food diet. Rations for livestock were computed purely on the basis of those feedstuffs that would give the necessary combinations of protein, carbohydrate, and fats at the least cost. When some farmer occasionally protested that his hogs did better on yellow corn than on white, the professors might politely refrain from contradicting him but there was likely to be some raising of their eyebrows.

As early as 1881 a paper was written by a scientist named Lunin and published in a scientific journal in Germany, which should have given a clue to the miss-

ing but unsuspected food elements which we now know as the vitamins. Lunin fed several lots of experimental animals on a milk diet, and compared their growth with similar groups fed a diet composed of milk sugar, milk fat, milk protein, and the mineral constituents of milk. In other words, Lunin was curious to know whether there is any essential food element in milk besides the then well known constituents sugar, fat, protein, and minerals. He found that although adult mice lived in apparently good health for several months on the first diet, they died within one month on the second.

But Lunin's experiments did not receive the attention they deserved. They were too puzzling. For the next twenty years one scientist after another would repeat these and similar experiments, but they could make little out of them. The elusive missing elements could not be captured and isolated. Another and even better clue came in 1911, following a five-year experiment in cattle feeding at the University of Wisconsin under the direction of the late Prof. S. M. Babcock. Assisted by E. B. Hart and G. C. Humphrey, and later by E. V. McCollum and Henry Steenbock, all now familiar names in the newer science of nutrition, Babcock found that

**VITAMIN A**—Helps growth and vitality, protects against disease of the nose, throat, and lungs. Lack of it brings on a disease of the eyes. Found in cod liver oil, milk, butter, cream, cheese, eggs, liver, kidneys, fresh green vegetables, carrots, sweet potatoes, turnips and some fruits.

**VITAMIN B**—Necessary to growth and health, and helps appetite. Lack of it causes nervous disorders, beri-beri, and even death in extreme cases. Found in whole grain, cereals and certain vegetables.

**VITAMIN C**—Gives vigor and prevents scurvy. Found in tomatoes, canned or raw; in pineapple, canned or raw; in oranges, lemons, grapefruit, bananas; in leafy vegetables, and in potatoes, turnips, rutabaga, and onions. Easily destroyed in cooking.

**VITAMIN D**—Enables the body to benefit from minerals in food. Without it the body is likely to develop rickets. Cod liver oil and egg yolk are rich in Vitamin D. Milk can be enriched with it, as explained in this article.

**VITAMIN E**—Aids in reproduction. Widely distributed in natural foods.

**VITAMIN G**—Promotes growth and aids in maintenance of health. Lack of it causes pellagra. Found in milk, yeast, lean meat, and various vegetables.

corn-fed heifers were far superior to oat- or wheat-fed, even though all got exactly the same proportion of fats, carbohydrates and proteins.

Vitamins were imminent then. As early as 1890 Dr. C. Eijkman in Java had discovered a substance in the branny coat of unpolished rice that would cure beri-beri; and in 1906, Dr. F. Gowland Hopkins in England, had demonstrated that the addition of a tiny amount of milk to the diets of laboratory animals fed on purified diets gave them vigor and health. Then again in 1910, Dr. Casimir Funk, a Polish scientist in Germany, extracted a chemical substance from the shell of rice. He thought it was an amine and he considered it vital, so he called it a "vitamine".

Between 1911 and 1915, Drs. E. V. McCollum and M. Davis, of Johns Hopkins University; and Drs. Thomas B. Osborne and Lafayette B. Mendel, both of Yale University and the Carnegie Institution of Washington, were hard on the trail of the baffling vitamins. The search was pressed from a variety of angles. The chance

AT THE Walker-Gordon plant, cows are milked electrically on rotolactors.

inclusion of milk sugar in some of the experimental diets caused much confusion and mystery. No one was then able to see the significance of the use of this food material, but Drs. McCollum and Davis set out to solve the riddle.

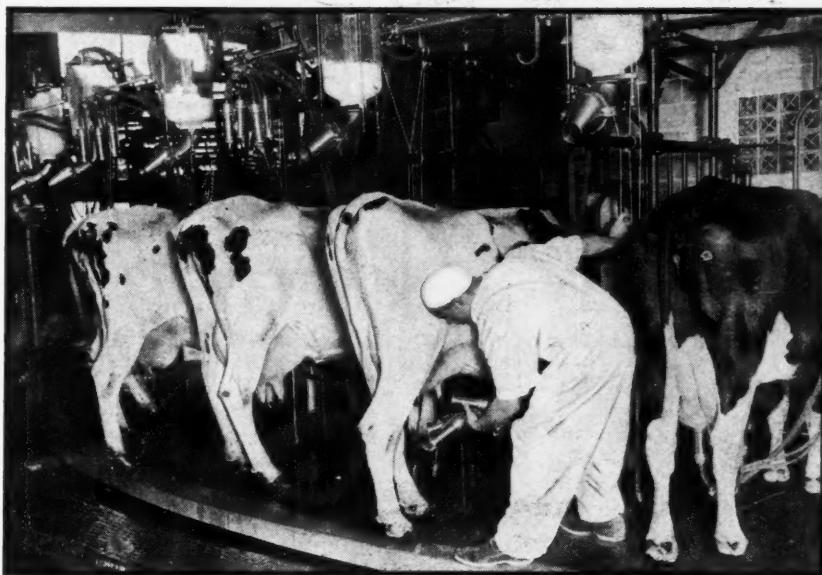
After conducting hundreds of experiments, Dr. McCollum and his assistants reported in 1913 that they could get satisfactory growth in their rats with a certain diet which included butter fat or egg yolk, but that the rats failed when lard or olive oil was substituted. Soon afterward Osborne and Mendel reported similar results and mentioned particularly the good effects from using cod liver oil. By 1915 it had been proved that not merely one vitamin but at least two were essential to growth and health. One was soluble in fat (now called vitamin A) and the other was soluble in water (vitamin B). By 1920 the presence of a third, called vitamin C, had been demonstrated by Dr. J. C. Drummond, an English scientist. This vitamin is the one capable of preventing and curing scurvy.

A year later came the discovery of the rickets-preventing vitamin. Up to that time it had been thought that vitamin A was the chief factor in rickets, but Hopkins and Drummond, of England, and McCollum and Steenbock, of the United States, all working independently, showed almost simultaneously that when vitamin A had been removed from cod liver oil, this substance could still cure rickets. Thus was found a new vitamin, which was promptly named vitamin D.

With this point established, the elimination of rickets became merely a question of supplying vitamin D or its equivalent in the best form. Cod liver oil possesses the vitamin in abundance, and sunlight activates it in the human skin. The difficulty with cod liver oil is its unpalatable taste and the complicity of its use. Sunlight is not always available, and when it is the ultra-violet rays are filtered out by dust, smoke, and even ordinary window glass. Artificial lights were developed, but they are unsuited for general use. A medicinal substance made by irradiating ergosterol was also produced. This viosterol, as it is called, is necessarily expensive and provides only vitamin D without other desirable nutritional elements. Its vogue is passing.

About 1925, Dr. Harry Steenbock, at the University of Wisconsin, and Dr. Alfred F. Hess, in New York, simultaneously demonstrated that treatment of certain foods with ultra-violet rays, under certain controlled conditions, imparted vitamin D potency to the food. These brilliant investigations started an entirely new line of research and experimentation which has resulted in the production of several food substances rich in vitamin D. Few of these foods, however, are suitable for infant feeding. One more essential step was needed before the ideal rickets-preventing method could be inaugurated.

This irradiated food substance had to be fed to cows and the vitamin D secured in the cows' milk—a natural food which the baby could take regularly and without the aid of a doctor.



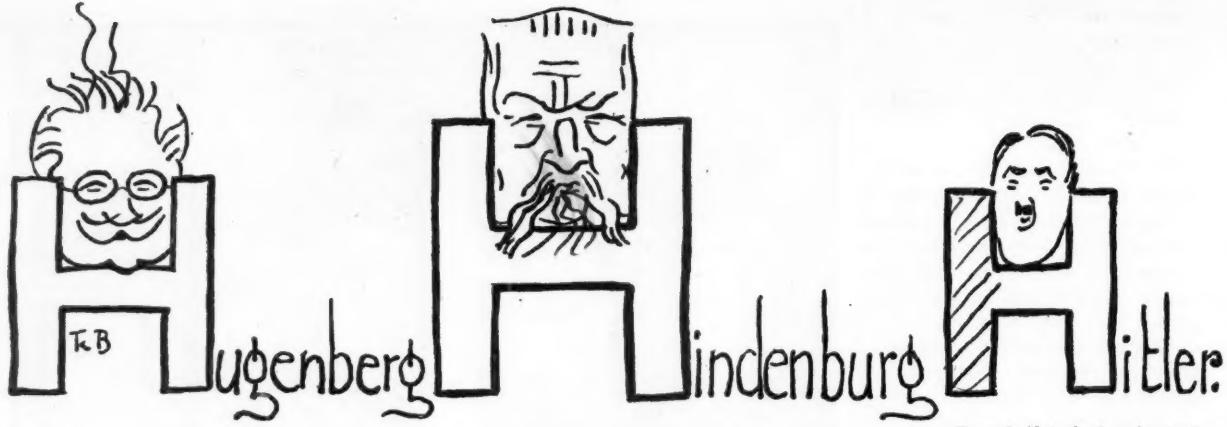
Here was a vital question. Could the all-important vitamin D be successfully transferred from this irradiated feed to the cow's milk? Could the necessary strength and concentration of vitamin D be secured at reasonable cost? Many scientists have been working on this problem, but results have frequently been negative.

This last step—the technique of feeding irradiated feed to cows and securing the vitamin D in the milk—was worked out at the Walker-Gordon Research Laboratory at Plainsboro, New Jersey. Through elaborate tests the proper amounts and kinds of feed and methods of using them were learned. A milk having a vitamin D content twenty to thirty times the usual winter potency was finally secured.

One more point had to be checked—scientists take nothing for granted—before this new milk could be tried on human beings. First, the test had to be applied to rats to make certain that no harm could possibly come to infants. Nearly a year was consumed in making suitable tests with rats, by Dr. B. H. Thomas, of the Walker-Gordon Research Laboratory, and by Professor H. C. Sherman, head of the Department of Chemistry at Columbia University, and his associate, Dr. Florence L. MacLeod.

**F**INALLY EVERYTHING was ready for the trial with human beings, to make absolutely sure about the transfer of quantities of vitamin D to the milk of the cows fed on irradiated rations. Dr. Hess, who for many years has been clinical professor of diseases of children at the University and Bellevue Hospital Medical College, New York, demonstrated this point in a most extensive clinical test with human beings. He located 102 young babies less than one year old, many of them coming from humble homes where diets were poor. A considerable percentage of these infants had visible signs of rickets, and the home conditions were such that in practically all cases rickets would have been expected to develop during the winter months of 1930-'31. The chief requirement made by Dr. Hess was that these babies be fed only this vitamin D milk, supplied by him, and that no other anti-rachitic treatment be given.

Nurses called at the homes to see that instructions were being carried out, and at regular intervals the babies were brought in to (Continued on page 67)



From *de Notenkraker*, Amsterdam

## Germany Votes for President

By ROGER SHAW

**O**N MARCH 13 will occur the second presidential election of the German Republic. As this is written, in mid-February, it appears probable that President Paul von Hindenburg will run for re-election despite eighty-four strenuous years devoted mainly to the service of his country. Opposed to Hindenburg will be the honest, if outspoken, Adolf Hitler, aged 43. If Hitler does not enter the lists in person, it seems more than likely that General Franz von Epp of Munich will run as the Hitler candidate against Hindenburg. Epp, aged 63, is a rugged veteran of the famous Bavarian *Alpenkorps*, a hero of Verdun, Caporetto, and the triumphant Serbian and Rumanian campaigns. It is his studied opinion that Germany must re-arm if France refuses to disarm at the Geneva Conference. The Hitlerites believe that Hindenburg is too old and too pacific for further office; and they particularly dislike Chancellor Heinrich Bruening, who is a friend and political associate of the great President.

Hindenburg's candidacy is backed by a non-partisan committee, under the chairmanship of Lord Mayer Sahm of Berlin. Such famous Germans as Walter Simons, former Chief Justice; Carl Duisberg, dye trust magnate; Hugo Junkers, airplane builder; Otto Gessler, former War Minister; Gerhardt Hauptmann, dramatist; Max Liebermann, artist; Arthur Mahraun, youth leader; Oscar von Miller, German Museum curator; Gustav Noske, former War Minister; Professor Max Planck, scientist; Dr. Kappler, Protestant leader; Bishop Christian Schreiber, Catholic leader; George Solmsen, banker; and General Winterfeld, signer of the Armistice, have rallied enthusiastically to his support. Hindenburg's petition for candidacy, which requires 20,000 signatures if a candidate is without party affiliation, was signed by a hundred-thousand voters the first day it was presented. His platform is the liberal German *status quo*.

Hitler, courageous agitator and silvery-tongued orator, was born in Austria and has apparently neglected to obtain German citizenship—although he won the

coveted Iron Cross on the Western Front. His national status was in dispute in February. If a non-citizen, he is ineligible for office. In such a contingency, General Epp is prepared to take Hitler's place. The General is of German birth, and a Hitlerite member of the Reichstag (which contains 107 of them). Not alone is the Hitler organization opposed to Hindenburg. The Steel Helmet Society of war veterans, the Agrarian League of Junkers, and the militant Kyffhaeuser League have declined to indorse the Hindenburg renomination.

There has been much talk of Hindenburg's unanimous nomination by both political factions, to be followed by an election in which he would run unopposed. In any case it seems reasonable to predict that he could defeat a Hitler candidate; for the Communist rank-and-file, who like neither Hindenburg nor Hitler, will rally to the support of Hindenburg as against Hitler reaction. Many things can happen before election day, however.

**U**NDER THE GERMAN system of presidential elections, the winner must receive an absolute majority of votes on the first ballot. If no candidate receives such a majority, as is likely, due to the number of parties, a second election is held in which the winner needs only a plurality of votes. Seven years ago, in the 1925 election, seven party candidates split the first ballot without result. This was in March. On a second ballot, held in April, Field Marshal von Hindenburg, running on a conservative fusion ticket, defeated Dr. Wilhelm Marx, the liberal candidate, by a close score. Hindenburg had not been a candidate in March. The vote stood: Hindenburg, 14,500,000; Marx, 13,500,000. Ernst Thaelmann, Communist leader, received 2,000,000 votes.

Dr. Marx, who was a Catholic, carried every state of western Germany, from the North Sea to Switzerland. This Catholic strip, geographically and culturally close to revolutionary France, has been traditionally liberal. Marx also carried Catholic Silesia, and "pink" Berlin.

Sturdy old Hindenburg received the vote in eastern Prussia, Saxony, and fundamentalist Bavaria—in fact, in all the rest of the country. The influential Steel Helmets (Germany's American Legion), of which Hindenburg is honorary president, worked hard for their former commander's electoral triumph; but since his election, paradoxically enough, he has coöperated with the liberals against the monarchist and diehard elements which put him in office. Those who had considered him a first step toward Hohenzollern restoration were grievously mistaken. Incidentally, it is interesting to note that of the German population—something over sixty million—no less than thirty million went to the polls and voted. This is indeed a high proportion, judging by non-German standards.

The present struggle between the Republic and Hitler is primarily one between the Germany of 1848 and the Germany of 1870. The Republic of 1918 was founded on the liberal idealism of the '48 revolutionaries (many of whom came to the United States), combined with the democratic precepts of Woodrow Wilson. The present republican flag, a black-red-yellow tricolor, was the beloved emblem of the forty-eighters. Hitler, on the other hand, harks back to Bismarck, blood-and-iron, and the military empire founded in 1870, which lasted till the close of the World War. Hitlerites, symbolically enough, would like to restore the old imperial tricolor of black-white-red.

Intellectuals, professional men, and especially the labor elements, have played important parts in republican Germany. Labor influence is shown by governmental use of the general strike as an effective weapon. General strikes, called by the republican authorities, drove Dr. Kapp's armed monarchists from Berlin in 1920; and frustrated the French invading armies in the Ruhr in 1923. Mahatma Gandhi could learn much about the use of "passive resistance" from Germany.

**T**HE HITLERITES believe in dictatorship (the post-war version of absolute monarchy). Women suffrage, parliamentary bickerings, free speech, even labor unions, they hold in detestation. They advocate an intelligent use of force under a strong leader, as in Fascist Italy. Their main strength comes from the Junkers and ex-officers, from a middle class ruined by post-war monetary inflation, and from the romantic youth of both sexes. Many great industrialists, fearful of organized labor, have furnished Hitlerism with ample funds; and the former Kaiser, naturally enough, is in sympathy with the movement.

In foreign policy, all German factions favor revision of the Versailles Treaty and suspension of reparations payments. But the Republic, in contradistinction to Hitlerism, does not favor a defiant repudiation; and its pacific philosophy is averse to militancy and large armaments. Further, the Republic is desperately anxious for good relations with democratic France (whom it quite admires, politics aside); while the Hitlerites look to Italian Fascism with equal sympathy and admiration. This is important, for an Italo-German alliance might conceivably follow the triumph of Hitler.

The German republican constitution was framed at Weimar, home city of the liberal Goethe, in the spring of 1919. Its sponsors, skilled in democratic theory, embodied in it the latest devices for popular control and representation. Universal suffrage, for both sexes, begins at the age of twenty; and complete sovereignty rests with the federal Reichstag, which consists at present of 577 members. Provisions for the initiative and referendum modify the powers of the legislators. A

Reichsrat, or upper house, contains representatives of the several states in proportion to their populations; but its powers in practice are very limited. There is also a somewhat inactive Economic Council, for the supervision of industrial affairs. A Supreme Court sits at Leipzig.

Representation in the Reichstag is proportional. Each political party is accorded a proportion of the membership corresponding to its percentage of the total popular vote on the preceding general election. The German voter ballots for Reichstag parties rather than for Reichstag candidates. To him, platforms are more important than men. The greatest stress has been placed upon the freedom of speech, press, and assemblage; and it is to this very liberality that much of Hitler's success has been due. Under the Weimar constitution, he has a perfect right to agitate against that constitution; and his violent revolt of 1923 led only to some months' confinement in a fortress.

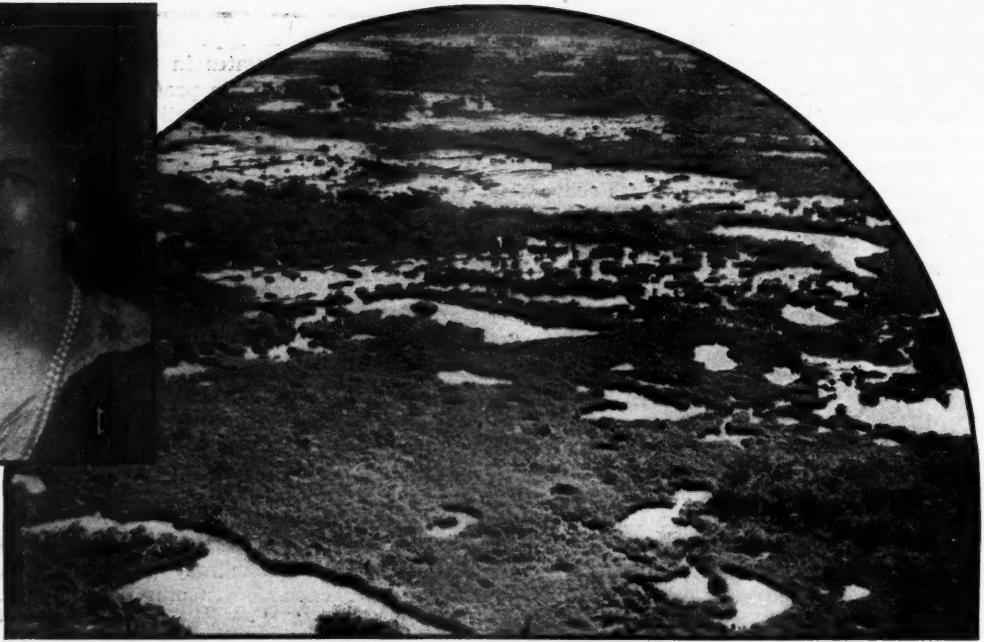
**U**NDER ARTICLE 48 of the constitution, the Chancellor may govern by dictatorial decree in emergencies. Bruening, backed by President Hindenburg, has been employing this power when faced by near-anarchy; and the pair have been forced to authorize stringent financial measures, along with a limited curtailment of speech, press and assemblage. Paradoxically enough, the absolute Hitler protests against such dictatorial measures; while the liberal Bruening dictates in his defense of liberalism. *Kladderadatsch* especially, the famous weekly cartoon-carrier, which is semi-fascist, is indignant at Dr. Bruening's decrees. It all depends, of course, on who does the dictating!

Hitler, backed by close to twelve million supporters, plans to reorganize the German government. He would favor a Reichstag elected by popular suffrage but based on occupational and professional instead of geographical representation. Thereby, for example, delegates would represent not the city of Essen, but the steel industry as a whole; not eastern Prussia, but the occupation of agriculture. This occupational Reichstag would deal with economic matters. Politics and international relations would be dealt with by a conservative Senate of 200 members, appointed for life and self-perpetuating. The Chancellor would be chosen from the Senate; and he would enjoy extensive powers. As an appointed Senate would assume supreme control, the undemocratic nature of the plan becomes apparent. As to the titular form of government, Hitlerites cryptically declare that a good republic is better than a bad monarchy; but that a good monarchy is better than a bad republic.

German Communists, who number six millions, favor the Soviet system of government. Under this plan, there is proletarian suffrage to elect village and factory councils—but there popular voting ends; for the village councils elect delegates to district councils, the district councils to state councils, and the state councils to a great federal council or congress. By this pyramid process, the federal council chooses the praesidium at the top—a small and select executive council. ("Soviet" is simply the Russian word for a council of any sort.) As the upper councils of the pyramid are reached, a higher and higher percentage of Communists appears in public office. It is interesting to note that, at the present time, the German Communist party has twice the membership of its Russian fellow-organization. Hamburg and Berlin are its strongholds; in Berlin there are twice as many Communists as Hitlerites. Their enemies are 150,000 Prussian Security Police.



© Bachrach  
MRS. OWEN,  
Congresswoman  
from Florida, who  
sponsors the bill  
creating an  
Everglades Na-  
tional Park.



## Everglades from the Air

By RUTH BRYAN OWEN

I HAVE often wondered at the extraordinary variety in the scenic beauty of the United States. In European countries it is, in almost every instance, possible to select a typical scene, or at most two or three scenes, which will suggest the general type of its landscape. In this country Nature speaks in many tones, and every individual temperament can find somewhere within the boundaries of our country the type of scenery which speaks most inspiringly to him.

Because the tropical loveliness of Florida has always had a strong appeal to me, and the charm of it recaptures my senses each time I journey down from northern winter into its color and bright sunshine, I was delighted to seize upon the visit of the National Parks Expert Committee to Cape Sable as a valid excuse to return to my state; and thirty hours after I left Washington, in the dark and cold of a winter night, I awakened in midsummer sunshine in Miami.

In planning for the visit of the National Park experts who were to pass on the availability of the southwestern tip of the Florida peninsula as a National Park, the local committee omitted only one possible viewpoint. We were to see the territory from the air. We were to travel the roads by car and navigate the waters by boat. Only the submarine was omitted from the schedule, and, having more than once peered down into strange gardens of purple sea-fans through the bottom of a glass

bucket propelled before me as I swam, I can testify that there is still a wonderland in Florida which the visitors did not explore.

The first lap of our journey was to be made by air in the big Goodyear blimp which awaited us at the Opa-Locka hangar. I hope the rest of the party were able to pay attention to the landscape below them. I confess that the behavior of the balloon distracted my attention. It was so much more docile and amenable than I had expected. With impressions of ballooning in the early 80's still lingering in my mind, I had expected to see sand-bags thrown out, anchors dropped over the side to catch in neighboring trees, if we were lucky—or drag along at the mercy of the breezes if it failed to grapple and find an anchorage. Instead the big balloon responded to the man at the wheel with the greatest precision. Apparently a fin or tail movement guided the dirigible which looked and acted like a trained whale.

We sailed out over the Everglades country, great stretches of mottled green, glistening with silver, where the saw grass and palms gave place to swamp or lake. Once a wild turkey rose, to flash away as we circled lower. Deer ran across the savannas. In a three-hours' trip, varying in height from 300 to 4000 feet, an inspection of an area was possible by the committee that would have taken them months to make on foot or aboat, with great hardships, if it



A CYPRESS JUNGLE IN THE EVERGLADES

**SEMINOLE INDIANS**  
spend most of their  
time in canoes dug out  
of cypress logs.

had even been possible to make it at all.

The smaller birds, which we were to see later at close range, whirled below us like white, swirling snowflakes. No matter how high we rose or how wide the view below us, the sun-drenched green world stretched off to every horizon. Having floated for miles over the Everglades, the dirigible pointed its nose back toward the hangar and came to its terminus with the precision of a streetcar. At the hangar, automobiles waited to carry the party 85 miles down to the southern tip of Florida and over the bridges which connect the Keys with the mainland. Our first day's journey closed as we boarded the house-boat, waiting at Lower Matecumbe. Its lighted windows sent a welcome through the tropical twilight.

The cruise to Shark River carried us past long reaches of gleaming white sand, fringed with cocoanut palms—white beaches set with palm trees and calculated to set the most staid imagination roving. So little has been changed here since the times of the pirates of the Spanish Main. Chests with doubloons and "pieces of eight" may well be buried in these sands. Other treasures are certainly hidden in wrecked ships somewhere below this shining water. Nothing has been changed in the intervening years on this remote coast. Even Good Man Friday has left no footprints on these quiet beaches.

In Shark River the stream flows between dense tangles of mangroves.

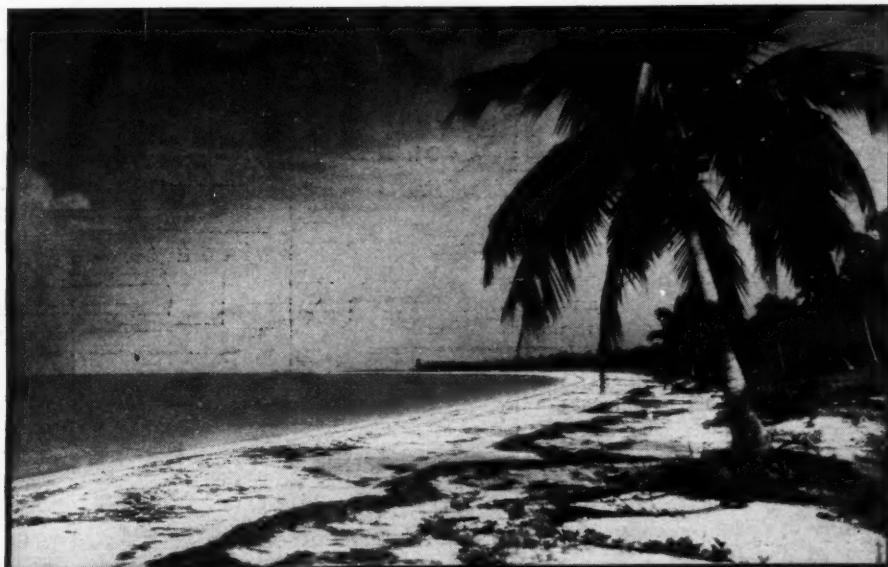
These mysterious trees stand on tiptoe with all their exposed interlaced roots in a serpentine growth between trunk and earth. Although no alligator showed himself to our party, I felt sure this stretch of the river must know his kind. Something must creep through the shadowy forests and drop into the dark waters under the mangrove roots.

**CAPE SABLE** beach in  
the proposed Everglades  
Park; and oceans are  
rare in National Parks.



Often a bend in the river gave us a vista of low meadows with occasional islands of cabbage palms rising above the lush grass. We sometimes left the house-boat and went exploring in the small craft. Following the course of an old canal, we visited the rookery of the white ibis in 'Gator Lake. More than three thousand great white birds were counted along the shore.

The airplane which was to call for me and carry me back from these deep woods and still waters into a work-a-day world alighted on the water by the house-boat at sunset. The afterglow had left the sky and water as pink and shiny as the inside of a shell. The plane rose from the glowing water and we began our flight toward Miami. Soon the color had faded out of the sky and all of the land below was dark gray and all of the water of the rivers and lakes was pale gray. Then into this shadowing world, a moon, round and red as a tangerine, rose out of the sea and made a shining path across the water of the bay. Beyond this path the lights of Miami began to shine through the night.



The Educational Value of

# An Everglades Park

By HERMON C. BUMPUS

**W**HILE SCIENCE, education, and constructive recreation are so interwoven that they cannot easily be separated, I am presenting the educational aspects of the Everglades.

**Geography.**—From a geographical standpoint the area extends 50 miles nearer the equator than the southerly projection of Texas. It is the tip of a huge promontory, separating the ocean and gulf, and penetrating the territory of the Greater Antilles. It is destined to become—it already is—the gateway for aerial traffic entering the country from the Bahamas, Cuba, Yucatan, Central America, and the Spanish-American republics. The "Glades" and surrounding areas—keys and inlets—at present occupy the largest unsurveyed, unexplored and unmapped geographical territory within the limits of the United States.

**Climate.**—The climate of the Everglades is quite different from that of other parts of Florida. Barring our remote and insular possessions, it is the only considerable area where experiments on strictly tropical animal and vegetable life can be carried on. Indeed, it is the only place where extensive experimentation has been carried on.

**Geology.**—Concerning another science, geology: One finds here a part of the continent in the process of making. Examples of erosion and vulcanism are plentiful in our National Parks. Lava, granite, sandstones, and limestones—the latter bearing fossils and footprints—abound. But here in the "Glades," a luxuriant vegetation, some of it representing plants of great antiquity, is depositing a stratum of sediment, rich in carbon, over the underlying calcareous rocks—we catch nature in the very act of coal-making. Along the shoreline and in the warm, shallow bays, animal and plant forms are now living in profusion, and some of these are lineal descendants of the invertebrates and algae of the paleozoic seas, their skeletons actually entering into the composition of the limestone now in process of formation, and giving in places an almost unbroken series from the extinct forms of the past down to the living forms of today.

**Anthropology.**—The science of geology culminates in anthropology. The story of the Seminole is interwoven with that of the Everglades. The primitive Indians still maintain their independence, self-sufficient and five hundred strong. Where is there another tribe that has had the fortitude successfully to resist the encroachment of the whites and the

ability to retain the land of their forefathers? The evidences of earlier, pre-historic occupation are abundantly present, but subject to destruction if some mode of preservation is not promptly adopted. Anthropological data once lost is lost forever.

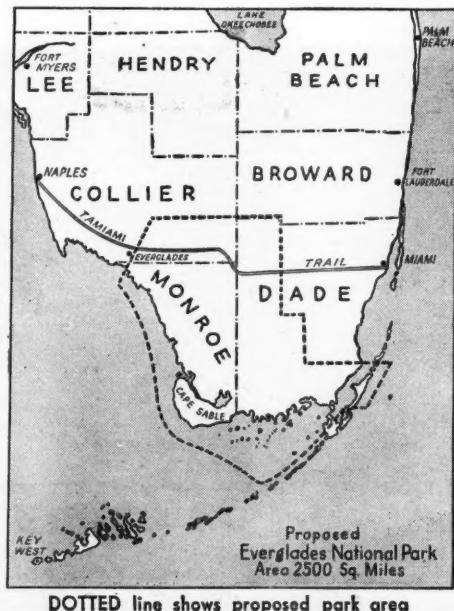
**Zoology.**—Anyone who had the privilege of visiting the marine aquarium—until recently at Miami—must have obtained some idea of the abundance, variety, and beauty of the life characteristic of the tropical waters of ocean and gulf. To mention tarpon and sailfish is probably unscientific, but sportsmen are often keen students of nature and, as implied above, there are no sharp lines between science, education, and recreation. The fact that after a thorough study of the entire coastline, the Carnegie Institution of Washington established its marine laboratory at the Dry Tortugas, and the U. S. Bureau of Fisheries built its tropical station at Key West, is convincing evidence of the scientific importance of the waters embraced within the territory.

The ceaseless slaughter of noble birds in this great natural aviary continues. In a park the existing species would be preserved.

**W**HAT IS TRUE of birds is true of mammals. The manatee is almost extinct, and deer no longer abundant. The writer recently saw three hundred coon skins being cured on the deck of his power-boat by a single trapper. There were two barrels filled with steel traps, not to mention other agencies of extermination. It is not, however, too late to avert an impending calamity. Although several splendid faunistic types have been eliminated, there is a sufficient number of breeding individuals of remaining species, in the remote, unfrequented localities of the Everglades, to justify the belief that restoration in many cases—if undertaken at once—is still feasible.

**Botany.**—The botanists have been most vocal in their declarations concerning the need of promptitude in preserving for themselves and future workers this unique outdoor laboratory. Its importance to every university and college of the country cannot be questioned. Neglect, ignorance, and ill-advised exploitation have already entered the domain. Fire has exacted its toll.

The fate of this priceless possession lies now with those who officially appraise its value and decide whether it is or is not to be accepted and controlled by the Federal Government.





ADOLPH S. OCHS

## Twilight of the Inkstained Gods

By ALVA JOHNSTON

From *Vanity Fair*,\* February



WILLIAM RANDOLPH HEARST

**I**N 1896 William Randolph Hearst went from San Francisco to New York to buy the *Journal*, and Adolph S. Ochs went from Chattanooga to New York to buy the *Times*. In the thirty-five years since then the two men have revised American journalism. Ochs specialized in information, Hearst in entertainment; together they abolished the older type of daily journalism which specialized in opinion.

The great figures in nineteenth century journalism were editors; today they are publishers. A newspaper is no longer a political adventure, but a business. The change seems to be for the better. Under the new dispensation the press has discarded much of the evangelical hate and fury which were the major infirmities of the old organs of opinion. In his long career Ochs has given the press lessons in tolerance and fair play; Hearst has taught it how to amuse a few score millions daily. Ochs undermines the editorial writer by setting the fashion of presenting an unbiased factual record on which the reader can form his own opinions; Hearst, with his comics, miscellaneous columns and various syndicated features, dulls the appetite of the reader for solemn exhortation on the editorial page.

The nineteenth century newspaper was basically a political pamphlet. Greeley, Raymond, Reid, Dana, and Bryant were orators in print. Non-partisan treatment of news was entertained as an ideal, and fitfully practised, but news was commonly expected to corroborate editorial dogma. The James Gordon Bennetts were great newsgatherers, but their eccentricities and personal feuds prevented them from treating the news dispassionately. Pulitzer, both a fact-digger and a crusader, was slightly more interested in shaping events than recording them. Ochs seems to have been the first great journalist to treat news with consistent objectivity over a long period.

The Hearst influence has been deprecated as unedifying; the Ochs influence as tending, by its frigid impartiality, towards indifference to moral issues; but the twentieth century press shows improvement over the nineteenth, even when the tabloids are taken into account. . . .

Neither Hearst nor Ochs has been an inventor or a pioneer in the publishing field, but they have developed their conceptions of journalism in such clear-cut fashion and so successfully that their methods have been widely copied. Although most American newspapers today show the influence of both Hearst and Ochs, the two men have had little effect on each other. Ochs has refused to make room in *The New York Times* for the comic strip and other variegated features of the Hearstian type. Hearst shattered the tradition of journalistic anonymity by aggressively building up the names of his writers; Ochs, until recently, maintained the policy that the newspaper writer should be nameless. The Ochs ideals of colorless news and restrained editorial comment have not, however, converted Hearst.

The influence of Ochs has been gradual, but very far-reaching. He has moderated the tone of the American press, improved its manners and taught it the difficult distinction between fact and notion. Hearst forced his journalistic developments on the country by the direct method of invading most of the large cities with his newspapers; many of his competitors reluctantly became Hearst disciples in order to meet Hearst competition. Ochs has impressed his personality on the fourth estate in a different way. His great commercial success with one newspaper (its stock went up under Ochs from \$10 to \$6000 a share) caused newspaper publishers all over the country to study his methods; a large section of the press adopted Ochs impartiality in news and headlines in the hope that Ochs prosperity would follow.

Hearst, both through his own newspaper chain and through the hundreds of Hearst-influenced dailies, appears before the public as a minstrel and sage, ethical guide, social coach, financial adviser, confidant and strategist in affairs of the heart, culinary tutor, educator, house mother, prophet, purveyor of warm data on high life.

As against this, Ochs is only a vendor of information; but unadulterated information, correctly branded in the headlines and, as a rule, dispassionately annotated in the editorials. Ochs opened the eyes of the American press to the great market which existed for hobby-free, grudge-free, impersonal, non-reforming, non-crusading journalism, a journalism with no friends, no foes, no *bête noir*, no sacred cow.

**T**HE CONTRAST between Hearst and Ochs is nowhere greater than in their use of power. Hearst always has his heavy artillery in action in behalf of his candidates, crusades, and causes. Every day of his life he strives to exert his influence to the utmost. Ochs, on the other hand, is a hoarder of influence; he uses it economically, parsimoniously. He has a theory that a newspaper dissipates its influence by exerting it. The bugle call editorial, the horsewhip editorial, the Judgment Day editorial are not found in his publication; but a few mild words there sometimes have a surprising effect. Mayor Walker, usually the most indifferent of officials to newspaper attack, called all his department heads together a year ago, scolded them and warned them, all because an editorial gently critical of his administration had appeared in the *Times*.

Last winter another editorial suggested that, in their furious personal abuse of President Hoover, the Democrats in Congress were displaying their historic instinct for ruining their political prospects; immediately the order, "Stop riding Hoover," went out from the Demo-

eratic great headquarters. Hearst cannot produce magical effects like these, but by huge expenditures of printers' ink, he makes his influence heavily felt. Let anyone who thinks that Hearst has lost his influence, go forth and campaign for our entrance into the League of Nations and the World Court.

Ochs and Hearst have some traits in common. Each is possessed by a demoniacal industry. Each is an extreme individualist, little influenced by anything but a desire to please himself. Neither is a money-grubber. Hearst has more than once injured his own standing and impaired the value of his properties by fanatical zeal for unpopular causes. Ochs, in his first year in New York, when his paper was tottering on the verge of insolvency, rejected a fat advertising contract because it had an almost invisible Tammany string on it; a little later he estranged his biggest advertiser by refusing to propagandize for subway facilities to be located near an advertiser's store.

In most respects the two men are opposites. Ochs has no fads, no whims, no causes; never ran for political office; never attempted to create a President or a Coroner; never sought to tamper with the map of the world; has no social ambitions, lives simply, is one of the few rich men who has no opinions on Old Masters. Hearst has always been deep in politics; served twice in Congress; created political parties of his own when the old ones did not suit him; ran, unsuccessfully, twice for Mayor of New

York and once for Governor, being beaten for the Mayoralty once by a false count; presented his countrymen, according to some historians, with the Spanish-American War; lives regally; has Senators, Mayors, Governors, judges, princes and miscellaneous celebrities at his beck and call, is something of a connoisseur and one of the world's chief collectors of armor.

Ochs has had a placid, humdrum career, finding no relish in controversy; Hearst finds life most piquant when indignant citizenry makes bonfires of his newspapers, when great auditoriums are packed by anti-Hearst rallies, when he is being anathematized in Congress and when he receives such a thirty-third degree accolade as that of being excluded from France. Hearst has been a national figure for more than thirty years; Ochs is little known today except in his own profession where his lightest word is accepted as revelation. . . .

Neither the Hearst pattern nor the Ochs pattern is destined to be the final newspaper formula. The defect in Ochs' journalism is that its conscientious objectivity sometimes causes it to read like the *Congressional Record*. There is still room in America for digging and crusading in the Pulitzer manner. However, it is impossible to combine all merits or all faults in one newspaper, or chain of newspapers. Formulas seldom last long in journalism. A great paper reflects the qualities and defects of a great man. The Hearst-Ochs phase will last until other personalities change the scene.

old Alfred Bernheim, the original cellophane enthusiast, Edmund Gillet, and M. Brandenberger himself. In 1920, the Comptoir had sold (for stock) to E. I. duPont de Nemours, the North American rights to its viscose rayon process. Present mission was on behalf of La Cellophane.

They soon closeted themselves with "Colonel Bill" Spruance, dynamic and likable duPont vice-president, and several lesser duPont lights. Colonel Bill had helped to negotiate for duPont the rayon agreement, and he was as much of a rampant bull on cellophane as a duPont vice-president could permit himself to be. Speedily a deal took shape. In exchange for exclusive North American rights to the Brandenberger process, duPont was to give the Comptoir a large stock interest (it has been put at 50 per cent.) in its cellophane subsidiary. From duPont, too, was to come the cash for this new company. . . .

ONE DAY in 1924 the employees in a duPont plant in Buffalo eyed with contemptuous, Anglo-Saxon amusement a group of excited Frenchmen. Yet the Frenchmen had good cause to be excited, to wave their arms about, to emit a triumphant "Voilà!" For they were gathered around the first sheet of cellophane to be produced commercially on this side of the Atlantic. They were engineers all, headed by inventor Brandenberger himself, who had come over to make sure that all went well. For some time thereafter, the making of cellophane continued to be a Frenchified affair. Not only were the engineers mostly French, not only was the first machinery imported straight from France, but the French influence extended even to the sales organization in the elegant person of Jacques Piani, an early duPont cellophane salesman, he of the Parisian spats and morning coats. As time went on, however, the French engineers were replaced by the Americans they had instructed, the machinery was made, like other duPont machinery, in the parent company's own shops at Wilmington. . . .

In the beginning, two men were in control of duPont Cellophane Co. One was Colonel Bill Spruance, who became board chairman, a post he held until his retirement two years ago. The other was Leonard A. Yerkes, who, then as now, was president of both the rayon and the cellophane subsidiaries of duPont. To these must be added a third, considerably less august officially but of prime importance in actuality: Oliver F. Benz, who had been in charge of the company's sales from the very first. His is the key job in the company, because the rise of cellophane is a selling rather than a manufacturing achievement. . . .

Messrs. Spruance, Yerkes, and Benz opened their campaign in 1924 with a tremendous broadside. They circularized and sent out their salesmen to call on manufacturers in all the fields into which cellophane has since penetrated: baked goods, cigars, cigarettes, prepared meats, candy bars, toilet articles, textiles, etc., etc. In a sense, everything that has happened since has been merely part of a follow-up campaign to this

## Cellophane

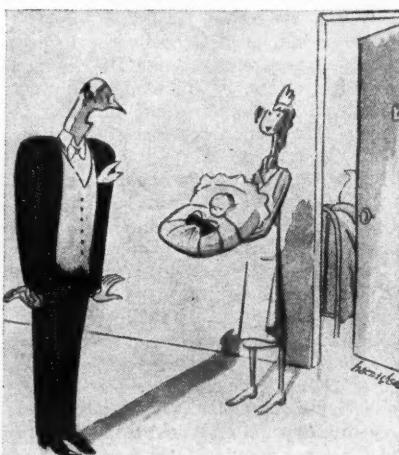
From Fortune, February

**E**ARLY IN 1900 in the Vosges district of France, a certain J. E. Brandenberger grew more and more disgusted with the dirtiness of tablecloths. Other men have experienced similar revulsions. But M. Brandenberger happened to be a chemist employed in a textile factory. Why not make cotton tablecloths impervious to dirt by coating them with liquid viscose (from which rayon is spun)? This he tried, but the resulting fabric, though smooth and lustrous, was too stiff to be practical. He then made a thin sheet of viscose and joined it to the cotton fabric. Again a failure. Also a success. For he had stumbled on cellophane.

Others had, in the course of laboratory experiments, stumbled before him. But Brandenberger was the first to stoop down and pick up what lay at his feet. He began to design machines to turn out the stuff. By 1912 he had progressed from his original thick, brittle sheet to a film about as thin as the cellophane of today, had taken out patents on his process all over Europe and in this country. Since cellophane is nothing more than viscose solidified as a thin sheet instead of as a thread (as in ray-

on), it is logical to find the great Comptoir de Textiles Artificiels, biggest French rayon company, putting up the capital for Brandenberger's work. . . .

In 1923 the three men who held the destinies of cellophane in their hands made a trip to this country. They were



By Haenigsen in the *New Yorker*  
"WHAT? NO CELLOPHANE?"

opening broadside, a grand and imaginative gesture.

The immediate results were nil, and for a very good reason. At that time cellophane was selling for \$2.65 a pound, which meant that to wrap a loaf of bread in it would have cost over two cents. One early customer used to keep his supply in the office safe. Such an expensive wrapping material was obviously practical only on high-priced luxury articles. The first sign of progress came when Whitman's began to wrap its candies (which are medium-priced) in cellophane. This was the company's first big account. But it was obvious that real progress could come only through a series of drastic price-cuts. In 1925 they cut the price one-third, to \$1.75 a pound.

*The author then proceeds with campaign reports. Cookies succumbed first after the price-cut. "The year after cookies capitulated to cellophane, bacon and sausages surrendered." Then candy bars and textiles. But cakes dried up.*

From the time Ward's cakes dried up

in plain Cellophane, the duPont laboratories had been at work on a moisture-proof variety. Finally, in 1927, the company took its biggest step upward; it went into production with moistureproof cellophane. Dr. William Hale Charch in particular, then and now duPont's No. 1 cellophane research man, tackled the problem. After trying in vain to produce a homogeneous material which would be moistureproof, he went to work on a moistureproof coating which could be applied to plain cellophane. To find something which would adhere to the surface of cellophane was as hard a job as to mix water and oil. After many experiments (2000 is a modest estimate), Dr. Charch arrived at a waxy composition which was successful. This coating has been analyzed as nitrocellulose and wax. It is essentially a modified form of Duco lacquer.

Moistureproof cellophane opened up vast new regions to the march of cellophane. There was Mr. Clarence Birdseye and his frosted foods, for instance, who from the first was a cellophane en-

thusiast. But plain cellophane was of no use to him. When the moistureproof variety came out, it went on Birdseye foods (now a General Foods subsidiary) at once. Sales boomed also among the cake and candy makers. But the great opportunity for moisture-proof cellophane lay in cigars and cigarettes.

*The author tells how Camels first made the country conscious of the cellophane-wrapped cigarette package, and how Lucky Strikes followed with the "Lucky Tab" specialty. With the patronage of the tobacco interests, 1931 became La Cellophane's banner year.*

A list of the articles now wrapped in cellophane would start off with the original documents of the Constitution and of the Declaration of Independence, and would tail off into an insane jumble of violin strings, plated silver, golf tees, suspenders, shirts, hot-water bottles, shoe laces, spark plugs, rose bushes, lumber, mops, candles, tapioca, pie, baby carriages, clocks, and a de luxe edition of the New York *Herald Tribune*.

## Texas Cotton and the Moratorium

By PETER MOLYNEAUX

From the Texas Weekly, January 23

**T**HE LACK OF LEADERSHIP among the politicians is amply illustrated by the situation in which Texas finds itself. There is no similar population in the United States more directly interested in a restoration of stability in Europe than is the population of Texas. About one family in every three in Texas lives on a cotton farm and depends upon cotton for a living, and 90 per cent. of the annual Texas cotton crop must be exported to foreign countries to find a market. Yet fourteen of Texas's eighteen members of the House and one of the two Senators voted against ratification even of the current moratorium.

The situation is illustrated also by the announcements of various candidates for three new places in Congress which have been allotted to Texas, and which will be voted on "at large" this year. Where such candidates mention the matter at all, they declare against "further meddling in European affairs" and against "any further reduction or moratorium on European debts." They are for "getting out of Europe and staying out." A swell chance the Texas cotton farmer has of getting out of Europe and staying out! Texas is in Europe up to its neck, and has been ever since the first shipload of cotton was sent to England from Galveston in 1839. That was 93 years ago, but most of our Texas political leaders do not seem to have heard about it.

But what is Texas to do? Put out candidates against its present Congressmen on the issue of the restoration of the foreign market for cotton? Hardly. Such a move would not get anywhere, because, forsooth, the present members of Congress from Texas occupy such in-

fluential committee positions, due to their seniority. They must be returned at all odds on that account, it seems. . . .

The truth is that the people, especially the poor bewildered cotton farmers, are without informed and outspoken leadership. The politicians tell them about limiting cotton acreage by law and about debentures and equalization fees—the one to reduce the production of cotton and the other to enable them to sell cotton to the foreigner cheaper than to the American cotton spinners, as if the price of cotton to the foreigner were not ruinously low already! Grasping at any straw, the people hope that such measures will help.

Meantime, after falling off more than a million bales during the season of 1929-30, and declining still further during the season of 1930-31, cotton exports to Europe so far this season are 800,000 bales less than the greatly reduced exports of last season, in spite of the lowest prices in thirty years. Indeed, if it had not been for the recovery brought about by the moratorium during the past three months the decline would have been much greater than that.

Questions like that are "too deep" for our politicians. They are concerned about the Federal taxes that will have to be paid if Europe does not pay the war debts, and they are afraid that Americans who invest in Europe will lose their money. Of course, Texas pays less than two per cent. of the federal taxes, and not one per cent. of American investment in foreign securities is made by Texans. A loss of more than \$600,000,000 by the Texas cotton farmers during the past three years, because of

the steady decline in price occasioned by the collapse of the European market for Texas cotton, is not nearly so important to our politicians, it would seem, as federal taxes and the funds of American investors. If the people are to have informed leadership in this matter it will not come from the politicians. . . .

The cotton acreage law is a good example of where the leadership of the politicians can take us. A test case under this law was tried in Robertson County, and the following paragraph, from an Associated Press dispatch reporting the proceedings, is significant: "Dr. J. R. Gillam, physician and planter of Mart, testified that more than sixty families of tenants would be forced to move off of his farm if the law were upheld. He said he refused to make contracts, awaiting the outcome of the test suit, because he did not intend to violate any law."

This testimony illustrates strikingly the real problem presented by the situation. It is the problem of providing Texas farmers with profitable employment. But the cotton acreage law would only aggravate that problem. What would the politicians who voted for the cotton acreage law do about those sixty tenant families and the many thousands of other tenant families that would be left without the means of making a living if their great panacea were to be enforced in Texas?

It is true that there is absolute need to reduce cotton acreage. But is there not even greater need to insure that ways and means shall be found for the farmers, especially the tenant farmers, to make a living? The problem of Dr.

Gillam and his tenants, and of Texas landlords generally and their tenants, cannot be solved merely by passing a law. That's the real point. And yet five or six months ago that was the great remedy of the politicians, and they put the state government to the expense of a special session of the Legislature to enact such a law. Today it is as clear as daylight that the chief effect of such a law would be to create a great unemployed class among the farm tenants of the state, and it is probably true that most of the members of the Legislature who voted for that law and advocated it, would vote to repeal it tomorrow if there were any real danger that an attempt would be made to enforce it....

There is no question of whether the European war debt payments to the United States shall be resumed or not in the near future facing the American people. There is the brutal fact that they cannot be resumed. The question is one of facing that fact squarely, of adjusting ourselves to it, and of coöperating to restore the world credit structure in spite of that inescapable fact. There is no question of whether the American people are going to retire our own national debt by means of taxation. That taxation cannot be escaped if the national debt is to be paid. The big question is to reconstruct our prosperity so that we can afford to pay the taxes.

Europe itself, regardless of the American government, can be depended upon to do its utmost to help toward that end by restoring, in some degree at least, the export market for our cotton. But it would be much easier if the American Government would help.

## Diego

By JOSEPH BRAININ

From the Jewish Standard, Toronto

**F**ORTY-FIVE YEARS OLD, well built, although a bit corpulent with a flabby, Chinese-looking face surmounted by a massive forehead, Diego Rivera, the painter, does look Mexican. His stringy black hair hangs down, Indian fashion, over his ears and frames his Mongolian features, producing an exotic effect. Wearing a khaki shirt and baggy trousers—his large bony hands holding a brush with the triumphant gesture of a torch-bearer—Rivera looks like a figure cut out of one of his own world-famous frescoes: a Mexican peasant, of Indian stock, calling his countrymen to freedom. I found him on the sixth floor of a Fifth Avenue skyscraper in a large, bare office, busily engaged painting a fresco which he calls "New York."

A strange human animal, perched on a wooden scaffold, unconcerned with the life on the lower plane. He climbs down from the wooden structure rather reluctantly. He does not feel at home in the Yankee-ized atmosphere of his immediate surroundings. He hardly speaks English. The interviews that have been

### Here is a List of Important Articles

## In the Month's Magazines

From January 12 to February 12

Excluding those quoted in adjoining columns

### GENERAL

*Our Confusion Over National Defense*, by Charles A. Beard. HARPERS, Feb. Statistics and reports of pacifists and militarists bewilder the conscientious citizen.

*Success or Failure at Geneva?* by Herbert Brucker. NORTH AMERICAN REVIEW, Feb. Disarmament cannot be achieved unless the United States accepts French demands for political security.

*Who Knows Justice?* by Clarence Darrow. SCRIBNER'S, Feb. Justice enforces society's standards; it cannot cure social evils.

*Bankruptcy Mill*, by Arthur Pound. ATLANTIC MONTHLY, Feb. The American proletariat grows while the middle class dwindles.

*In Times Like These*, by Calvin Coolidge. AMERICAN MAGAZINE, Feb. The ex-President exhorts American citizens to have faith and patience in these character-developing days.

*I Believe*, by John Tomajan. ATLANTIC MONTHLY, Feb. A creed by which one can overcome inertia brought on by the depression.

*Big Navy Boys* (a series of three articles on armaments), by Charles A. Beard. NEW REPUBLIC, Jan 20, 27, Feb. 3. Dr. Beard reviews the history of propaganda, patriotism, and profits in connection with the demand for increased armaments, and concludes that the naval problem should be considered only by intelligent and disinterested citizens under full public scrutiny.

*The Negro of the North*, by Archibald Rutledge. SOUTH ATLANTIC QUARTERLY, Jan. The Negro is better understood and treated in the south than in the north.

*But You Can't Let People Starve*, by Whiting Williams. SURVEY, Feb. 1. A survey of Pittsburgh shows people anxious to prevent suffering, and suggests directions for a relief program.

*The Heights of the Simyen*, by Alfred M. Bailey. NATURAL HISTORY, Jan. Adventures of scientists collecting ibex in the unknown mountains of Abyssinia.

*Beyond the Vale of Kashmir*, by William J. Morden. NATURAL HISTORY, Jan. The hospitable inhabitants of the country along the trail from Kashmir to Ladakh, and the devil dances of western Tibet.

*Hunting Whales in the Antarctic*, by A. J. Villiers. TRAVEL, Feb. A modern story of the privations and dangers endured by whalers, and the thrills of harpooning.

*The Depths of the Sea*, by William Beebe. NATIONAL GEOGRAPHIC, Jan. Strange forms of life are found a mile below the surface of Bermuda waters.

*The Ballyhoo of Education*, by Haydn S. Pearson. OUTLOOK, Jan. 20. Modern schools have lost sight of the purpose of education.

*The Soviet Way with the Criminal*, by A. D. Margolin. CURRENT HISTORY, Feb. A comprehensive survey of Soviet justice by a former Ukrainian judge.

*The Music That Is Broadcast*, by B. H. Haggan. NEW REPUBLIC, Jan. 20. A comparison of American and British broadcasts showing American programs inferior.

*Commemorating a Century of Progress*. SCIENTIFIC AMERICAN, Feb. Planning Chicago's World Fair for 1933.

*Power and the Public*. THE ANNALES OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, Jan. Papers presented at a conference of the Academy in Philadelphia last November.

*Dominica—A Botanical Paradise*, by Paul Griswold Howes. AMERICAN FORESTS, Jan. The author wonders why more botanists have not visited beautiful Dominica with its bewildering array of botanical specimens.

### PERSONALITIES

*Senator James E. Watson*, by Frank R. Kent. ATLANTIC MONTHLY, Feb. Personal interpretation of "a lovable old humbug," the Republican leader of the Senate.

*States' Rights Ritchie*, by George Creel. COLLIER'S, Jan. 30. Governor Ritchie criticizes the federal government as it is, and states what he would do if elected.

*Gandhi—Mountebank or Martyr?* by Patricia Kendall. OUTLOOK, Jan. 20. Desire for power is Gandhi's motive in life.

*The Real Alice of "Wonderland"*, by C. Patrick Thomson. HERALD TRIBUNE MAGAZINE, Jan. 24. Mrs. Hargreaves, Alice, will be 80 in May and comes to New York to help celebrate the 100th anniversary of Lewis Carroll's birth.

*Artist Adventurer*, by Lucius Beebe. FORUM, Feb. A vivid sketch of Rockwell Kent.

*Walter Damrosch*, by W. J. Henderson. MUSICAL QUARTERLY, Jan. Mr. Damrosch at 70 is a loved figure in the musical world.

## In the Month's Magazines

### BUSINESS AND INDUSTRY

*Moving Toward Monopoly*, by Lawrence M. Hughes. SCRIBNER'S, Feb. Wealth and power are concentrated in the hands of a few despite government intervention. Business, divided into a few large monopolies, well controlled, might be beneficial to the public.

*The Rochester Unemployment Benefit Plan*, by Marion B. Folsom. Proceedings of the Academy of Political Science, Jan. Nineteen companies agreed on the general plan—to appropriate up to 2% of their payroll for a reserve fund, available after Jan. 1, 1933.

*God Help the Farm Board!* by Jay Franklin. FORUM, Feb. The Farm Board has done constructive work, but farmers still grumble.

*Importing Aid for Farmers*, by Oliver McKee, Jr. NATIONAL REPUBLIC, Feb. Foreign parasites are imported to combat the corn borer and other pests.

S. M. R. FORTUNE, Feb. History of the South Manchurian Railroad.

### FOREIGN PERIODICALS

*Under the Japanese Flag in the Manchurian Capital*. CHINA WEEKLY REVIEW, Shanghai, Jan. 2. An unflattering survey of the military occupation of Mukden.

*Thoughts on the Chinese Boycott*, by G. B. Rea. FAR EASTERN REVIEW, Shanghai, Dec. A scorching criticism of Chinese economic resistance, which has led to the Japanese attack upon Shanghai.

*George Washington: Father of His Country*, by Bernard Fay. CORRESPONDANT, Paris, Jan. 10. An appreciative article by Washington's leading French biographer. (In French.)

*Cruel Truths About America*, by Leon Negrucci. REVUE MONDIALE, Paris, Jan. 15. A cruel article, allegedly truthful. (In French.)

*Three Invasions of France*, by Count Max Montgelas. BERLINER MONATSHEFTE, Berlin, Jan. Frenchmen point out that their country has been invaded by Germans thrice in a century; and a German replies. (In German.)

*Otto Braun of East Prussia*, by Rochus Aper. QUERSCHNITT, Berlin, Jan. A character sketch of Prussia's sturdy premier, who is a bulwark against Hitlerism. (In German.)

*Spain Forging Ahead*, by W. Horsfall Carter. CONTEMPORARY REVIEW, London, Jan. "Spain is the one bright spot in Europe" under the new republic.

*City Planning in the Soviet Union*. ECONOMIC REVIEW OF THE SOVIET UNION, New York, Jan. 15. Informative articles by Jacob Crane, John Nolen, and Robert Whitten.

published with him in the New York papers were all granted via his private secretary, Miss Frances Flynn Paine, while he, the interviewee, listened silently and sullenly to the lady's debate with the gentlemen of the press.

When I greeted him in French, a smile spread over his stern, concentrated features. A reminiscent, dreamy look comes into his sparkling eyes. Eager to talk and to listen, he leads me to a corner of the huge room. There are no chairs. Standing against the wall, in a quaint French, Rivera talks on, in his first direct interview given in New York.

I am primarily interested in finding out if Mexico's national artist is a Jew. His pedigree on his father's side shows Spanish and Tarascan Indian stock and on his mother's, Portuguese-Jewish and Spanish-Russian descent. But when I boil down this ancestral potpourri of Spanish, Indian, Russian, and Jewish lineage to a realistic racial conception, I discover that Diego Maria Concepcion Juan Nepomuceno Estanislao de la Rivera y Barrientos de Acosta y Rodriguez, better known as Diego Rivera, is a one hundred per cent. Jew. "You are a Jew, are you not, Monsieur Rivera?"

Mexico's world-famous artist smiles. "Of course, I have never hidden the fact, although I feel myself rather a cosmopolitan. I was born in Mexico, lived a good many years in Europe, and in these later years have become part and parcel of Mexico's cultural and national renaissance."

Rivera tells me of his study years in Spain, France, and Belgium; of his experimenting in cubism and all the other "isms" of modern painting; of the overpowering impression when he saw for the first time an exhibition of Cézanne

in Paris; of his first contacts with the paintings of Picasso, Derain, Matisse, and Van Gogh; of his restless search to find himself; of his life during the war in Paris and his close friendship with a group of Russian revolutionaries waiting in Paris for the collapse of the Romanoff Empire. As he spoke, leaning against the wall, simply, almost unaware of my presence, the gigantic panorama of Rivera's life unfolded itself. A life of struggles with colors, with intimate reactions to art. A youth spent almost exclusively in studios, in museums, in technical discussions about forms of art. After disappointments in Europe, when back in Mexico Rivera gradually found himself. He became more and more convinced that it was absolutely necessary for artists to create a form other than the sophisticated art of Paris, to respond to the demand of the revolutionary workers in Russia, and in general to the new order of things in the world. He realized that the logical place for his art, understandable to the populace, was on the walls of public buildings in his own country, Mexico.

From that moment (August, 1921) on, Rivera concentrated his energies toward obtaining permission from the government to paint some of the governmental walls in Mexico City. His work becomes part of modern Mexican history. The frescoes which he painted during the last nine years in Mexico City on the walls of the Preparatory School, of the Ministry of Education, of the Agricultural school and of the National Palace in Mexico, stamp him as the outstanding fresco painter in the world. Art critics hail him as the Raphael of the twentieth century and Mexico recognized in him the most significant figure of her cultural reawakening.

## Paris and Berlin

By PAUL COHEN-PORTHEIM

From the Sozialistische Monatshefte, Berlin

THEY USED TO SAY that Paris was old-fashioned and Berlin was up to date. But if this was true before the war, it is entirely false now. Things have changed. After the war, Paris was modernized while Berlin remained static. Paris is, of course, a city of great traditions. In many ways it is the most modern capital in Europe. But Berlin, in spite of certain new departures, has remained as it was under Kaiser Wilhelm II.

Berlin reminds you of the year 1900, for it is really more old-fashioned than Paris. I am not referring to impressions, but simply to hard facts. Frenchmen will be impressed by Berlin railway tracks which seem to disappear, and they feel that Germany is technically up to date. But this means that they did not disembark in the old Friedrichstrasse station. . . . Berlin railway stations were not built in the reign of Wilhelm II. They are older than that, and most of

them are very antiquated. Paris, however, has its Gare d'Orsay with electrical subway trains, its very handsome Gare de l'Est, and its up to date Gare de Lyon.

Of course there are some modern stations in German cities, but none in haughty Berlin where the modern spirit has not evinced itself. As to street-car traffic, electric cars with trolleys clang down the crowded Berlin streets in 1931. Paris, however, has never permitted cars in the middle of the street and it is gradually getting rid of those running elsewhere. As for subways, in Berlin there is only a main line, while in Paris there is a network—with lower fares.

In both systems the cars are inconvenient and behind the times, but Paris is at least installing new equipment. There are also more motor trucks in France than in Germany. Paris has many more automobiles than Berlin, and much heavier traffic. Paris has more taxicabs; it has better drivers, better

street-paving. Under Kaiser Wilhelm II, before automobiles, Berlin began to make asphalt thoroughfares. This was considered very modern, but today it is dangerous. For today the streets are still the same old asphalt.

Stations, traffic, and streets disappoint the traveler who believes that Berlin is more modern than Paris. As to hotels, he will find the Berlin architecture remarkable, as well as the equipment. He has read about the marvelous tall buildings, but he finds only the Halle with its busts of the Kaiser, the Adlon, the Esplanade (built a generation ago in imitation of the Carlton in London) and the Bristol with its 1880 bar.

Paris has twenty luxurious hotels, while Berlin has only five. This is less than Paris has built during the last two years. Paris has also built a hundred other hotels, and has renovated most of the older ones. Paris has a great many apartment houses and studios, while Berlin can only tender furnished rooms to rent—an old-fashioned custom.

As to restaurants, Paris is filled with them; while few Berlin restaurants specialize in French cooking. As to modern theaters, the most up to date in the world is the Pigalle in Paris. Berlin has only two modern variety theaters, both built for other purposes. Berlin, it is true, has better modern movie houses and more of them, and I prefer the new buildings of Berlin to those of Paris; but the public buildings in Paris suit their surroundings better, and Paris invented modern department-store architecture.

Berlin has produced modern exteriors which revamp houses erected under the Kaiser and which are therefore deceiving, but neither horizontal strips on the house-fronts nor electrical advertisements are anything but superficial stunts. Most important of all is the vitality of a city, and in Paris the tempo and the traffic are more intensive than ever. There are a number of new centers, where everything was quiet before the war. Montparnasse, with all its cafés, restaurants, hotels, and bars, is less

than fifteen years old. There is another new center in the Porte d'Orléans, and still another on the Avenue Wagram. During the same period, life in Berlin has died down in the middle of the city and has turned to the west end. The Kurfürstendamm has swallowed Unter den Linden; while in Paris, the Champs Elysées and such boulevards have become ever more lively. Paris has also grown in population, and has almost six million inhabitants including the suburbs. It has turned into the greatest center for foreigners that there is, and exists as a world capital. It has papers in all languages and people of all races. The Institut Musulman is the center of the world of Islam and the Cité Universitaire marks the beginning of a world university. Hence Paris is not being outdone. It is further ahead of the rest of the world than ever before. It is completely modern and ever changing, which disgusts many Parisians. So if either of the two cities has remained old-fashioned, it is not Paris. It is Berlin.

## What France Really Wants

By MAURITZ A. HALLGREN

From the North American Review. February

**I**T IS NO LONGER a question of whether France dominates the European scene. That she surely does. The real question today wears quite another face. We must ask instead: actually how strong is France? Upon the answer depends in large measure the immediate future of Europe, and perhaps also of the entire world of capitalism.

It must be remembered, first, that France is the most intensely nationalistic country in Europe, and probably can well afford to be under normal economic conditions. French diplomacy has always actively supported French economic interests, both at home and abroad. Moreover, French public opinion is well-disciplined, at least to the extent that all the influential organs of public opinion are either owned or controlled by the industrialists and financiers, who in the last analysis are the real rulers of the country. No French government can survive without the consent of the Paris press, that is, without the consent of the industrialists and their bankers. The close watch the French press keeps on the Government was pointedly demonstrated by the French correspondents in Washington during Premier Laval's recent visit. . . .

It is widely recognized that until France and Germany can come to some sort of understanding, there will never be a firm foundation for peace in Europe. But what more can Germany contribute to such an understanding? At first glance it appears that she can give nothing that France might consider of value. Germany has subscribed to all the various treaties of peace, non-aggression, and security (affecting France) that have been put before her.

Her responsible statesmen have time and again independently voiced their desire for peace and understanding. The majority of her people have shown themselves similarly disposed.

Germany possesses no armaments whatever that could be used offensively against France. She has paid reparations to the limit of her ability (though not without considerable grumbling). She has tried economic coöperation on an impartial basis, and has found that an unsatisfactory bridge to an understanding with France. What more can she give? Certainly the German govern-

ment can not hope to suppress all of the agitation for treaty revision and repudiation of the Young Plan; it would require a completely autocratic dictatorship to accomplish that task. Shall Germany, then, give up the new "pocket" battleships she is building?

To most Germans these cruisers represent the last tangible symbol of national honor, even of national existence. To stop building these ships (which can not possibly be considered a threat to French security) would be likely to produce a terrific reaction in Germany; many people would instinctively feel that, deprived of this last tangible symbol, Germany would indeed be without hope, which would produce a state of mind dangerous to France.

Nevertheless Germany does have something of tremendous value to offer—her modern and extensive industrial plant. The French industrialists and their bankers want, perhaps not to own, but certainly to control, the industry of Germany. They clearly will not be satisfied until they get it. It was for this that the French at Versailles manoeuvred so cautiously, only to be out-voted in the end by the British and Americans (who apparently did not suspect the motive lying behind the many French suggestions). It was for this that the Upper Silesian plebiscite was "arranged" so as to give Poland the principal mills and mineral deposits of that district. It was for this that France supported the separatist movement in the Rhineland. It was for this that Poincaré so hopefully rushed French troops into the Ruhr in 1923. It is for this that the industrialists of Northeastern France are financing the campaign of the French press to hold



By Warren in the Philadelphia Public Ledger  
BAYING AT THE MOON

onto the Saar region until the very last moment. And it was in the hope that German industry might thereby be shaken into their laps like a ripe plum that the French last summer dared risk an internal collapse in Germany.

When one reads the history of French diplomacy of the last thirteen years, and the history of the various cartel negotiations, and when one studies the propaganda now being put out with a view to creating sentiment for a Franco-German customs union (which would amount to a pooling of German industrial and French financial interests, Germany having the industrial plant, which is fast approaching bankruptcy, and France possessing the financial means with which to put that plant on its feet—upon terms dictated by the bankers of Paris!), one gets a very clear picture of what France means by "security."

It is not necessary to impute personal or greedy motives to the French industrialists to understand this desire on the part of France. It is simply that France is well aware that a healthy and strong national economy inevitably means a healthy and strong, and therefore dangerous, nation. It is not enough that Germany should be disarmed in a military sense; she must also be disarmed in an economic sense, and France can now see no other way of accomplishing this except by capturing control of German industry. . . .

France cannot stop the economic depression, which is threatening not only her allies (and thereby the "sanctions" upon which rests the *status quo* of Europe) but her own economy as well.

She has barely managed, with such financial strength as she has, to keep these allies faithful and obedient. She has done nothing to prevent the rise of German nationalism, but has in point of fact so manipulated her foreign policy as to have directly contributed to this distinct menace to her position. Furthermore, France cannot prevent the rise of Russia as a military power, which constitutes another menace to the French system and therefore to Europe. France might, as the *London Times* has suggested, turn from her policy of selfishness and use her gold power "as far as possible to save the world from further confusion." She might also come to terms with Germany on a basis that would leave that country economically as well as politically independent. But here again France has shown weakness, moral weakness, rather than strength.

It is conceivable, of course, that France might achieve her purpose and gain control of German industry without pulling down European economy in the process, but it is hardly likely that she could do this without arousing American opinion against her. American citizens control more than one large industrial enterprise in Germany; their investments in that country total three billions of dollars. One can not imagine these American investors sitting idly by while French industrialists and financiers are assuming control of the German industrial plant. And therein perhaps lies the greatest and most effective limitation to French strength, and the most serious obstacle to the realization of French policy in Europe.

Employment among women results for the most part in inconvenience and personal suffering to the unemployed while general unemployment among men takes its toll not only in personal sacrifice but also in anguish on account of responsibilities to others which cannot be met. . . .

No question is being raised as to women's right to work, where, when, or how they choose, or the necessity of many of them to do so, or as to their ability to compete successfully with men. Their right is recognized and their ability conceded. Nor is any suggestion made that they vacate the places they have made for themselves. It is assumed that they are in industry to remain as long as they will.

**T**HE EMPLOYED WOMAN is a phenomenon of the existing stage of development of the arts. Her services have been in demand; she has sold them for what they would bring; she has changed her employment and redefined unemployment in her own terms. Doubtless many a woman who reported herself to the 1930 census taker as unemployed would not have thought of herself in that capacity twenty or even ten years ago. She has given up the old for the new, and much of what she had under the old she has exchanged for what she may be able to get under the new. For this, she as well as the men and society, have paid a price. . . .

If called upon to be specific, I should name as the major loss which women have sustained the potential leisure which they might have had; leisure in the sense of free time, not for parasitic idleness but for voluntary production.

If the past three years have taught us anything it is that with the equipment and labor at hand we can produce material goods faster than our machinery of distribution can deliver them into consumption, and that our economic and cultural salvation depends upon material consumers who can devote themselves to immaterial production.

A quarter of a century ago women, who are by nature and adaptation singularly fitted to furnish the grace for cultivated living, might have become just such a class, but when they found that they no longer needed to do the washing by hand at home, they went in for making washing machines down town along with the men.

Their resourcefulness enables them almost invariably to convert a small amount of money into a higher standard of living than men can purchase with a far larger sum. With all due modesty, I suggest that with our machines and modern devices we men might have furnished the material wherewithal for as high a standard of living generally as that which we have enjoyed. Had we been permitted so to do, perhaps now we all could define more of our unemployment as blessed leisure and have to acknowledge less of it as baneful loss. . . .

I am by no means persuaded that seven million people are too many to have unemployed, but I am quite certain that we have the wrong people unemployed, and many wrongly employed among whom I would list a large number of recent women recruits. Seven

## Women and Unemployment

By HOWARD DOUGLAS DOZIER

From the South Atlantic Quarterly

**T**HESE TIMES are out of joint and of course anything may happen, but even during ordinary times the women seem to have the better of it over the men in holding on to their jobs. While the men are suffering technological unemployment the women are enjoying technological employment. Labor saving machinery, fatal to those who wield picks, toss shovels, and push wheelbarrows, while destroying some jobs, is creating clerical and white collared ones which can be "manned" by women. Thus improvement in industrial processes, division of labor, and hair trigger specialization have brought millions of women into competition with millions of men for the same wage-paying and salary-paying positions. Because women are willing to work for less or dare not ask for more they are entering places formerly held by men. . . .

It is obvious that no discussion of the problem of unemployment can ignore the presence of women in industry. This is a touchy topic. When men write about it, they are charged with jealousy and resentfulness; when the

women talk about it, they are accused of militancy. Its importance, nevertheless, entitles it to dispassionate study for the economic problem that it is. . . .

Modern industrial methods and machinery have disfranchised physical strength and enfranchised physical weakness. Lines of demarcation have been wiped out until almost any job held by any man can now be filled equally well by some woman. The field of competitive endeavor has been immeasurably widened. Men and women work together not as experts in particular fields bounded east, west, north, and south by sex, but in those limited only by aptitude. . . .

It is as hard to characterize an army of unemployed as it is to indict a nation, but this generalization I think will stand: unemployment among a given number of men will reach more dependents and cause more suffering than a like amount of unemployment among women. Without forgetting for a moment the many cases where unemployed women are responsible for others than themselves, it can be said with confidence that unem-

million persons, many of them women, of proper qualifications could, if withdrawn from industrial pursuits, add immeasurably to our cultural life, solve the problems of the idle poor without themselves becoming the idle rich.

Perhaps an additional equivalent of that much unemployment could be

slashed off of the end of the week for everybody without depriving modern machinery of enough human effort to keep it from producing as much as can be distributed without debauching our economic system and littering it with material waste and human suffering. . . .

Unemployment is a veritable hell

when it means the loss of a job which means loss of the means of livelihood, but an inestimable blessing when redefined in terms of leisure for the public good, opportunity for cultural enjoyment, the full measure of self-expression, and, above all, time for the sheer joy of living.

## Rochester's Unemployment Plan

By MARION B. FOLSOM

From Proceedings of the Academy of Political Science

**O**N FEBRUARY 18, 1931, announcement was made through the Industrial Management Council of the Rochester Chamber of Commerce that fourteen companies in Rochester had adopted the Rochester Unemployment Benefit Plan. Since then five other companies have adopted the plan and we expect several others before the end of the year. These nineteen concerns normally employ 28,000 persons, approximately 40 per cent. of the industrial employees of the city. They vary in size from one of forty-five employees, to the Eastman Kodak Company, which normally employs 13,000 in Rochester.

The products of these companies and the nature of their businesses vary considerably. It was originally the hope of those who devised the plan that it could be adopted by any manufacturing company regardless of size or the nature of its industry. The fact that nineteen companies, so different in size and products, have already adopted the plan would indicate that it is worthy of consideration by other companies.

Many of the companies have been giving study for a number of years to stabilization methods. Some of them have almost entirely eliminated seasonal unemployment and have reduced to a minimum unemployment due to business depressions. Some of the methods which they used are accurate forecasting of sales, careful planning, scheduling of production, building up of inventories during slack seasons, diversification of products, education of the public against seasonal buying, changing hours to meet changes in volume, price concessions during the off season. . . .

The companies have adopted the same general plan but each will administer its own plan separately. Each company will build its own unemployment reserve fund during a period of years, beginning in 1931. Careful estimates have been made of the liabilities assumed under the plan and it is felt that sufficient reserves will have been accumulated by 1933 so that unemployment benefits could be paid in that year if necessary. No benefits will be paid prior to 1933. An annual appropriation of two per cent. of the payroll will be made, the amount depending upon the degree of stabilization reached in the company, until the fund reaches a maximum equal to five annual appropriations. Any payments made from the fund after the

maximum has been reached will be replaced by additional appropriations at the regular annual rate.

Some of the companies plan to turn their funds over to trustees, but others will handle the reserves themselves.

No contributions will be made by employees during normal times. If, however, after January 1, 1933, there is a prolonged period of unemployment and it seems to the management that the fund will be inadequate to take care of the benefits, an emergency will be declared and all officials and employees of the company who are not receiving unemployment benefits will be assessed one per cent. of their earnings. These deductions will be added to the unemployment reserve fund. The companies will add to the fund an equal amount in addition to the annual appropriation.

The plan will be administered by a committee appointed by the management, in which both the employees and the management will be represented.

All employees earning less than \$50 a week who have been in the employ of the company for one year or more are covered. The unemployment benefit will be 60 per cent. of the average weekly earnings of the unemployed person, with a maximum of \$22.50 a week. The benefits will be payable after two continuous weeks of unemployment. The maximum number of weekly benefits varies with the length of service as follows:

Length of Service.	Benefits.
1 year to 1½ years	6 weeks
1½ years to 2 "	8 "
2 " to 3 "	10 "
3 " to 4 "	11 "
4 " to 5 "	12 "
5 " and over	13 "

Benefits will be paid to a part-time worker to make up the difference between his actual earnings and the amount he would receive in benefits were he wholly unemployed. If he is working 60 per cent. of normal time, or more, he would not receive benefits.

If an employee obtains permanent work outside, the benefits will cease. If an employee obtains temporary work outside he will still be eligible for benefits, but in no case will his weekly benefits and his earnings on the temporary work exceed his actual earnings prior to lay-off. . . .

In the opinion of the management of

these companies the plan will be advantageous to the companies, the employees, and the community in general. With the additional incentive provided by the adoption of an unemployment benefit plan, employers will undoubtedly strive to find additional means to reduce fluctuation in employment. Greater effort will be made to stagger production, to seek new marketing methods, and to find new products which might be added.

To the employee this plan brings greater security and will help tide him over a period of unemployment. At the same time because of the limited benefits it should not result in less incentive on his part to save. . . .

**A** N IMPORTANT FACTOR to be considered is the cost of such a plan to a company. In the case of the Kodak Company the records were such that we could go back in one plant as far as 1900, to determine the cost if the plan had been in operation. In other plants we were able to go back to 1913. Other companies in Rochester were able to determine what the cost would have been for a number of years.

All were surprised to find how little the plan would have cost. At the Kodak Park Works, where stabilization methods have been in use for a number of years and where lay-offs have been very low, it was found that the plan would have cost considerably less than one per cent. of the payroll. In the other Kodak plants the average annual cost from 1922 through 1930 would have been about three-quarters of one per cent. . . .

We believe that the responsibility for establishing unemployment reserves rests with industry and if industry does not accept this responsibility, it will face legislation—possibly unsound legislation.

In conclusion, we in Rochester do not agree with those who contend that very little can be done to reduce unemployment. Almost two years ago we set up a permanent organization with a full-time secretary and staff to conduct a continuous and systematic study of the problem and to arouse the employers and the community to action. We have already made considerable headway but much of the work must be done during prosperous times. . . .

If action is taken by the local communities throughout the country, by the state and the federal governments, we should have much less unemployment.



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## Toes Straight Ahead

**L**EFT foot! Right foot! Up hill and down dale—over hard pavements and country roads as well as indoors, they have carried you millions of steps. If you want them to carry you several more millions of steps in comfort, a little time will be well spent considering that marvelous bit of anatomic engineering, your own foot.

And those healthy little feet of your children—keep them strong as they are now by giving your boys and girls the right kind of shoes and by teaching them to walk softly like an Indian—with toes straight ahead.

Unless all of the twenty-six bones in the foot are kept in their proper places, the long arch which extends from heel to great toe, or the short arch across the ball of the foot, may weaken, sag or fall. Pain in the foot, leg or other parts of the body will follow pressure of displaced bones against sensitive nerves.

Stubborn cases of headache, backache, continued fatigue, poor circulation, indigestion, unruly nerves, spinal disorders, neuritis, rheumatism or pain often mistaken for kidney trouble may have their origin in the feet.

Kept strong and well, neither tilted out of proper position nor cramped by ill-fitting shoes, your foot is a sturdy support. But even if it has been badly used, a foot specialist may, by prescribing foot exercises or scientifically



constructed shoes, restore it to a full measure of usefulness.

**Misuse** (walking with toes out)

**Disuse** (lack of daily exercise)

**Abuse** (wearing improperly fitted shoes)—cause temporary foot miseries, fallen arches and other serious injuries.

Do you stand and put your full weight first on one foot, then on the other when buying new shoes? Your foot is longer when you are standing than when you are sitting.

Shoes should have a straight inner edge and should be large enough to permit the toes to lie flat. And most important—the sole of the shoe, under the ball of your foot, should not round down in the center or bend up at the sides. If it does, the short arch may be forced down and flattened by your weight. Feel the inside of the shoe to make sure that the sole is not lower in the middle than at the sides.

When a foot is unable to carry its load uncomplainingly, knees, hips and spine suffer the consequences. A straight body, having good posture, is rarely found above weakened or distorted feet.

Send for the booklet "Standing Up to Life" which tells how to overcome many foot troubles by means of intelligent corrective foot exercises. Address Booklet Dept. 332-V.

**METROPOLITAN LIFE INSURANCE COMPANY**  
FREDERICK H. ECKER, PRESIDENT

ONE MADISON AVE., NEW YORK, N.Y.

# How Life Insurance Funds Are Invested

**W**E'RE EVERY insured person to die, the insurance companies would be called upon to pay 109 billion dollars to beneficiaries. Such an occurrence is beyond the realm of possibility except over the course of a generation or two—even if war, pestilence, and catastrophe were to add their toll to the normal deaths from disease. The death rate among insured persons in the Metropolitan Life during 1931 was only 8.76 per thousand.

The legal reserve carried by life insurance companies of the United States, to protect their liability to policy holders, now exceeds \$20,000,000,000. It has grown from \$2,900,000,000 since 1906.

How this reserve is invested has been told by William A. Law, president of the Penn Mutual Life Insurance Company, speaking on one of the notable radio programs of Halsey, Stuart & Co., investment bankers of Chicago and New York. Mr. Law, for purposes of graphic presentation (and speaking for all life insurance, not his company alone) divides the reserve into twenty equal parts:

Six parts have been loaned on first mortgages upon homes, stores, and office buildings located in the best sections of our growing cities.

Two parts have been loaned to the United States Government, states, counties, cities, and to similar Canadian jurisdictions by purchasing their bonds.

Two parts have been loaned to farmers in the most successful agricultural districts, through mortgages upon their productive farms.

Three parts have been loaned to our best managed railroad systems, through mortgages upon their property or rolling stock.

Two parts have been loaned to what we now call "public utilities," that is gas, electric light and power companies, and telephone companies, through mortgages upon their plants.

A bit less than one part upon other miscellaneous bonds secured by mortgages upon industrial plants of established earning capacity.

Three parts have been loaned to old policyholders upon pledge of their policies to supply them with cash, or to secure premiums due.

A bit more than one part has been retained in the form of cash, home office buildings, other real estate in the conduct of business, and other assets not already included.

"Looking back over a period of years," Mr. Law declares, "one can almost read the economic and political history of the United States in noting the investment trends of life insurance and their underlying causes. During the time when our electric street railways enjoyed the high popularity and earning power, the life insurance companies acquired substantial blocks of their securities only to dispose of most of them as the importance

of that form of transportation waned and became less and less profitable due to the increasing use of automobiles.

"Holdings of farm mortgages grew steadily during the great agricultural activity which accompanied the military operations of this country and its allies during the war period with the extraordinary demand for our staple products. The ratio of investments in city mortgages decreased during that period, but with subsequent construction operations from 1921 to 1929, holdings of city and suburban mortgages grew rapidly.

"With the development of the electric light and power industry, and the gas and telephone systems, the life insurance investments in the first mortgage bonds of these concerns increased in desirability and safety, and their ratio to total assets is now more than three times as large as in the year 1921.

"Similarly after the end of the great war the immense holdings of the companies in Liberty Bonds were gradually disposed of, until their ratio fell from its peak to an amount approximating one-fifth of former holdings.

"During the last few years of stress and strain when many policyholders have required additional cash, the life insurance companies have loaned upon pledge of policies amounts within surrender values which have now attained a ratio of 15.9 per cent. of assets. These loans are abundantly safe, but their growth is viewed with much concern by the management because they will reduce the sum payable to beneficiaries."

**T**HE NEW YORK LIFE Insurance Company, rendering its eighty-seventh annual report, shows how wise and careful managers have apportioned its risk. This company's assets, approaching two billions in the aggregate, are invested in this way:

	Amount	Per cent.
Policy Loans.....	\$379,479,403	20.08
Cash .....	9,792,154	.52
Bonds:		
U. S. Government.	47,531,981	2.01
State, County, City	115,177,906	6.09
Railroad .....	383,112,490	20.27
Public Utility.....	151,189,300	8.00
Industrial .....	19,793,580	1.05
Foreign (largely Canada) .....	45,545,909	2.41
Preferred and Guaranteed Stocks.	62,402,545	3.30
Real Estate.....	37,777,895	2.00
First Mortgages:		
City Properties....	547,233,155	28.95
Farms .....	26,003,152	1.37
Interest and Rents		
Accrued.....	31,938,020	1.69
Other Assets.....	33,167,390	1.76
Total.....	\$1,890,144,880	100.00

A fourth of these investments—if we exclude loans to policy-holders—is in the form of railroad bonds. One does not easily escape personal interest in the solvency of our railroad systems.

## Melvin Traylor

*Continued from page 27*

of his time to the solution of Chicago's tax difficulties.

This tale of a young Kentucky mountaineer's climb to success represents the character of achievement which we all admire. It embodies and visualizes that opportunity for which America stands. It explains, in part, why Traylor's former neighbors—in Kentucky and Texas—have thought of him as presidential timber in these perplexing times. But there is a further reason. In these later years, Melvin Traylor has brought to bear on national problems a mind that has proved itself vigorous and accurate in thinking, courageous in decision and expression. Common sense and sound judgment, combined with fearless leadership, have always been in evidence; and he has won friends on a new and nationwide scale. One of the common people himself, yielding to none in humbleness of origin and familiarity with the problems of those who must make their own way, he has shown great insight and sympathy in public utterance which have attracted wide attention.

**A** YEAR AGO this middle westerner was at Washington, standing before a meeting of industrial and financial leaders from all the principal nations of the world. With a sureness and courage that startled the assembly, Traylor analyzed thoroughly the economic condition of the nation, and said that it was "ambition, cupidity, and greed" which had dictated certain economic policies and so brought the collapse of 1929. In his words, "ambition for place, power, and profit blinded leadership to the obvious dangers ahead."

"The approach of business distress had been obvious as early as 1927. No determined effort was then made to stop expansion. Leadership, on the contrary, promoted unwise combinations and mergers, and sold the resulting securities to men and women fascinated by high-powered salesmanship and an inborn desire to gamble for big profits." He branded floor trading on the stock exchange as "plain crap shooting." Those in positions of leadership, who had a moral responsibility to the common people of this country, had "followed the procession, obviously intent upon getting theirs while the getting was good."

On the same occasion, speaking of the American farmer, he said: "I hope I may be pardoned if I claim a personal acquaintance with the life on the farm and the problems of the farmer. In my opinion, no great division of human society has ever been lied to, and lied about, as much in the same period of time, as has the American farmer in the last ten years. He has been the victim of more false economic and political information, with its constant destruction of public confidence in everything he is and represents, than has any other element in our social structure."

These utterances make it evident that Melvin Traylor feels no reluctance to strike a new trail. "Above everything else," someone has said of him, "he has

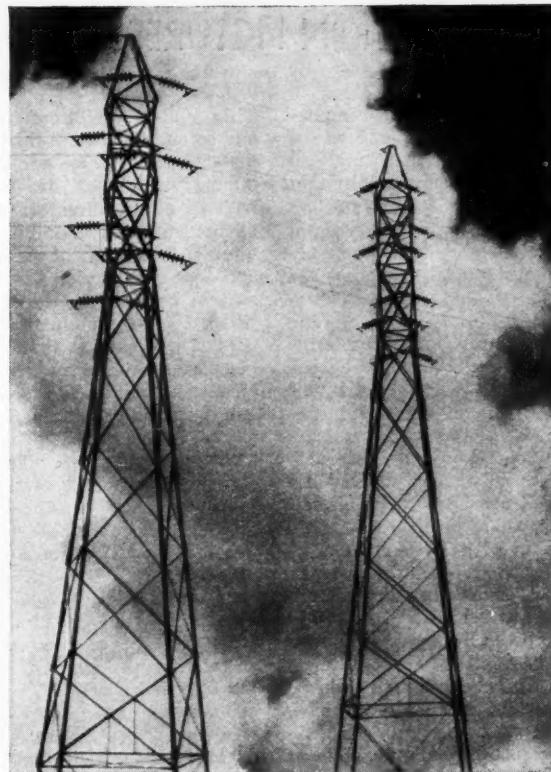
the power of moral indignation and the courage to say what he thinks." His determination to think independently, freely, and without prejudice on great national issues will not down; and it is well that this determination keeps so constantly to the fore. Only free minds can give constructive direction in a democracy. Such qualities are indicative of leadership of a high order.

**T**RAYLOR CANNOT be accused of talking to win acclaim. He has not sacrificed his convictions for the favor of any group or interests. He has fearlessly presented the truth on great economic issues, national and local. In his personal life and his public discussions he clings to those principles which he recently defined in a speech at Dallas, Texas, when he said: "What we want above everything else is to abandon the struggle to keep up with the Joneses, and to re-discover the true purpose of life, which is the joy to be found in the simple virtues of industry, thrift, and sane living."

This record, these qualities, these words and actions, help to explain the regard for Melvin Taylor in the states where he is best known—Kentucky, Texas, and Illinois. Those who know him best remember that he was once a poor mountain boy, and that by sheer ability and hard work he has overcome handicaps and become a banking leader whose counsel on financial matters, public and private, is eagerly sought; and yet he has remained a defender of the rights of common men and women, a man who has never lost the common touch. In his office, under the portrait of his children, he spends his days intensely, easy to approach, understanding, sympathetic and quick to help with the problems of the poor as well as the wealthy who come to see him. Surely in those years in Kentucky and Texas he never put in longer hours, nor gave himself more to his desk and the public, nor denied his own inclinations and pleasures more than he did during these critical times.

Mr. Taylor, the banker, has spent unnumbered days with citizens' committees seeking ways to drag Chicago out of that political and legal muddle which threatens to make it our first taxless city. He served many months, also, in 1929, as one of two American members of the committee of statesmen-financiers who created the Bank for International Settlements at Basle in Switzerland.

Crisis is said to bring the man. The present period demands leadership with a clear and courageous grasp of essentials. The entanglement of over-developed governmental activities, with the resulting excessive taxation, calls for keen insight, business ability, financial grasp and relentless decision, and high character. Melvin Taylor has expressed what might be called his national creed in these words: "... that we may be rich without forgetting to be righteous; that we may have leisure without license; that we may be powerful without being offensively proud; that we may be nationally minded without being narrow-minded; and finally, that we may live in a world of fact without surrendering our faith."



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## MOTION PICTURES: A Story of Achievement

*Continued from page 35*

Two of that organization's most important internal accomplishments are the arbitration system and the "uniform contract." The many complications that grew up around the rental of films by exchanges to exhibitors made the rental contract an involved and voluminous affair. One of the first joint efforts of the industry was to evolve a uniform contract covering every phase of the exhibitor's relation to the distributor, in terms that have been defined by mutual agreement. This contract was adopted by all members of the association, and it remained in force until the spring of 1930, when it was voided by the Supreme Court on the ground that it violated the Sherman Anti-Trust Law. The reason was that one clause in the contract compelled submission of any question arising under it to one of the industry's arbitration boards established to smooth out relations between distributors and exhibitors before the litigant appealed to the court. This was held to be a technical violation of the exhibitor's right to freedom of contract, although the decision recognized that the uniform contract had vastly benefited the industry as a whole, and had promoted rather than discouraged competition.

**H**ERE WAS a staggering blow to harmony within the industry. In 1929 only 55 cases involving exhibitors' contracts were brought before the courts. Some 30,000 others had been settled by arbitration boards. In 1930, following the Supreme Court decision, 5000 such cases had to be tried in the courts, with all the attendant delays and heavy public expense. During the past year a long series of conferences has resulted in developing a new contract designed to overcome the difficulties of the anti-trust law. This new contract will probably be put into effect this spring.

Arbitration, uniform contracts, and block booking are phases little known to the public, whose news of movie happenings is confined largely to screen stars, expensive pictures, new theaters, and the horrendous revelations of the censors. But these terms are of vast importance nevertheless—even to censorship, as a study of the inner mysteries of screen distribution shows.

Motion pictures are photographed on cellulose film. Like ordinary photographs, as many copies may be made from the original as are desired, and each copy may be used many times. Thus it is possible to show the same picture in all parts of the country simultaneously. Generally there are from 150 to 300 of these copies—"prints" is their trade name. These are sent to film exchanges, which are in effect motion picture circulating libraries, located at strategic points throughout the nation. Convenience and trade custom have caused certain cities to be known as "key cities," around which distribution activities center. Thus the exhibitors of Minnesota and the Dakotas get their prints generally from Minneapolis. Southeastern exhibitors get theirs from Atlanta,

Ohio Valley exhibitors from Cincinnati, and so on. There are thirty-two of these key cities, in which all the major producing companies are represented as well as a large number of independent exchanges that handle miscellaneous film. A network of smaller exchanges and film repositories covers the country so that scarcely a city of importance is without some motion picture repository.

The first cost is that of the original negative, which includes all production expenses and ranges (for a modern full-length talking picture) from \$200,000 to \$2,000,000 or more. The prints made from this negative must be rented for enough to pay their own costs, amounting to around \$100, plus exchange maintenance and incidentals, plus each print's pro rata of the original negative's cost, plus all profits. This expense must be kept down to a price at which the exhibitor can rent the film at a profit.

At this point complications set in. Theaters range in seating capacity all the way from 200 to 5000, and daily receipts range from \$20 to \$20,000. If a flat universal rental price were charged for each picture, three-quarters of the exhibitors could not afford to show the picture at all, and returns from the remaining quarter would not cover production costs. This difficulty is met by a sliding scale of rentals, the basis of which is the seating capacity of the theaters. There are other factors. Theaters in large population centers can charge higher admission, for greater attendances, than those in outlying districts; hence they bear a greater share of production costs. Paying more for their film, they are entitled to more for their money; consequently they are given preference in release dates. This is the meaning of the term "first-run houses." They are the theaters which pay a high premium for the privilege of showing pictures first. The small exhibitor profits by this, for he gets the advantage of the big theater's advertising.

All these conditions, as they affect theaters, are studied and tabulated at the key exchanges; and a basic rental price is set for every picture in each theater. Each rental is a matter of individual bargaining. This is necessary because varying local conditions can from day to day affect the price the exhibitor can afford to pay. The result is that the smallest industrial and rural community sooner or later can see at lowest prices the great epic pictures such as "The Covered Wagon," "Ben Hur," or "Hallelujah," for which the larger theaters paid thousands of dollars to exhibit and which may have cost millions to produce.

It would, however, be overdriving the picture to let it rest here. There are not many such epics, and neither the popular audience nor the rank and file of small exhibitors are educated to their use. Producers make the bulk of their profits on the naive, romantic melodramas which bring a steady income to the majority of the theaters, but which many important exhibitors accept only to fill in their programs.

It has taken many stormy years to develop this universal distribution system. It still is cumbersome and half-completed, according to the statements of its own sponsors. Reformers outside the industry will endorse this statement with enthusiasm. The difference is that while producer and reformer both have the same ideal in mind, the producer considers himself laboring arduously toward an exceedingly difficult goal, while the reformer believes in the simple device of a law which will declare that the producer has already attained this goal and must conduct his business accordingly.

Some serious difficulties come from the need of producing a never-ending series of films which can be placed in the small exhibitor's hands at a reasonable cost. Outstanding pictures can be produced only if there is steady income from less important pictures to keep the studios and theaters running.

At the same time, sales costs must be kept down, both for exhibitor and producer. The exhibitor cannot spend his time shopping for individual pictures, and still operate his theater to advantage. Also, no time must be lost in getting the finished picture into the theater, because the producer cannot afford to have his capital tied up, and because delays hurt the exhibitor. Finally, there is the need of the producer to plan far in advance, in order to keep his studio running full time and to guarantee an unceasing flow of pictures.

Out of all these opposing necessities comes the much discussed "block-booking." By this system the exhibitor contracts for his pictures *en bloc*, without seeing them and without any opportunity for selection. In its mechanics, block booking is merely wholesaling, with the exhibitor buying his pictures in job lots; but as motion pictures are not groceries or coal, the results of such wholesaling are very different. The advantages of block booking are: (1) It enables the exhibitor to buy his pictures at lower rates; (2) it saves him time and expense; (3) it insures the producer of the disposal of his entire output, instead of making only the best bear the season's costs; (4) it enables him to plan his season's film program in a sequential relationship of costs and subjects.

**T**HE CHIEF OBJECTION to block booking is that it restricts the exhibitor in selecting his programs in accordance with community needs. There are many reform organizations that would like directly to influence the selection of pictures for local exhibition. With all the good-will in the world, the exhibitor is limited in co-operation if he has to buy pictures wholesale, sight unseen.

This is another difficulty which the industry has been trying to solve for years. The exhibitor's predicament is of vital importance, for the whole industry is dependent upon local community goodwill. Block booking has long been a source of irritation, and there is not a producer or distributor who would not welcome any plan through which it

could be avoided. The problem has been approached in the industry's usual way, by compromises and modifications that ultimately become trade practices, and the industry is gradually feeling its way toward harmony. But this process is too slow for those who want to remedy the block booking evil by a law declaring that it does not exist.

This leads directly to the question of censorship, official and unofficial, and to the efforts that various well-meaning bodies are making to bring about the Perfect Picture by legislative fiat. Censorship, strictly as such, is rapidly becoming a dead issue politically. "Regulation" is the term now used, under cover of which to carry out the idea of moral supervision of the contents of a picture. These attempts still crop out sporadically. Censorship boards exist under one name or another in seven states, and there are perennial attempts to create new ones.

It is easy to sneer at the efforts of social betterment organizations, ministerial associations, civic bodies, and single-handed reformers, who evolve panaceas overnight and expect lawmakers to translate them into workable procedures through the magic gift of government. But we cannot sneer at the sincerity of purpose which underlies those efforts. The motion picture producer and his critics are in the familiar position of the technician trying step by step to reach a given result, and the lay reformer wanting the same result, but intolerant of the apparent half-measures in the step-at-a-time procedure.

**C**ENSORS CANNOT make films. The function of official censorship comes down to the exclusion of scenes that do not agree with the censor's personal ethics. Here we have so wide a field for varying opinion that the producers complain that the censorship boards rarely make the same cuts in a given picture. What Kansas censors think is harmful to morals, Ohio censors may pass without a murmur, while Pennsylvania will discover immoralities that neither of the others thought of. This reduces the whole concept to absurdity. No one seriously believes that seven of our states operate under seven different moral systems while the rest of us have no morals at all.

After all, state regulation of people's moral, or political, or ethical ideas has no place in a republic. Yet this kind of intrusion is exercised by some state censorship boards. They go beyond questions of morals. One board banned the picture, "Romola," George Eliot's novel of Italy in the days of Savonarola (about 1490) on the ground that it taught Communism. A production of Hawthorne's "Scarlet Letter," dealing with the seventeenth century New England, was barred because it implied that a clergyman could be immoral. "Disraeli" was cut by another censorship board because the principal character was referred to as a Jew, which of course he was. Another board cut out references to castor oil. Many deletions are justifiable.

Public interest in censorship has never been manifest. Censorship laws are usually passed by pressure of the reform

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element upon the legislature, and the people are rarely consulted. Only once in the history of censorship has there been a referendum vote. In 1922 the Massachusetts legislature passed a censorship law after several years' agitation. The law was then submitted to a referendum, and the people voted it down by a majority of nearly 3 to 1. This was no indication that Bay Staters did not want good pictures. It showed rather that they did not believe in censorship.

These are the problems which Congress and various state governments are constantly being urged to settle by new laws and by tax-supported commissions. The belief seems to be that bestowal of public office upon the ordinary citizen, generally untrained in any line except his own, miraculously qualifies him to

solve problems that have been the life study of experts in their own profession. We see the same manifestation in children at Christmas time. Father is a familiar refuge and companion until someone hands him a beard and a pointed red cap. Then he is Santa Claus, magic bearer of gifts and wielder of mysterious powers—until he takes off his beard and joins the family group once more. In Hollywood and in New York there are experienced men who have spent anxious years trying to solve difficulties for which we expect our lawmakers to find instant answer through the endowment of a legislative beard.

Laws are pending in various states and in Congress which propose more official regulation and aim at the prohibition of block booking without offering effective

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substitute. In addition, admission-tax bills are threatened in several states and at Washington, which a theatre-goer must pay. The industry is already paying \$100,000,000 annually in various taxes. If past experience counts for anything, most of these bills should fail unless they are worked out on the basis of the industry's announced needs. No business can stand the intrusion of amateur supervision backed by arbitrary authority instead of knowledge, no matter how well meaning that supervision may be.

In 1928, Senator Brookhart of Iowa introduced a bill designed, in his opinion, to end forever the distribution troubles caused by block booking. It set out to give the distributor a chance to select all his pictures in advance, to give the public a voice in motion picture selection, and in general to take the Perfect Picture out of the millennium and put it just around the corner. This was to be done by legally compelling distributors to give exhibitors opportunity to see every picture before it was booked for showing, by prohibiting block booking and compulsory arbitration.

THE RESULT of this effort to help the small exhibitor must have astounded the Senator. The Exhibitor's Association of his own state protested against the passage of the bill. At the hearing the difficulties involved in block booking were thoroughly thrashed out and the Senator learned for the first time that the major distributors and producing companies were as interested in the exhibitor's welfare as he was.

Some of the most violent objections to the bill came from the small exhibitors themselves. Bad as block booking was, witnesses on both sides generally agreed that the proposal that the exhibitor inspect each picture before he contracted for it would be ideal, except that it would probably be ruinous to all concerned. One exhibitor from a small western town, after explaining at length what would be the consequences if he had to bargain separately for every picture, and have it screened before he took it, finally gave up with the despairing remark: "Well, Senator, I guess you don't know anything about motion pictures." The bill was never reported out of committee.

But Senator Brookhart is not finished with the movies. In collaboration with ex-Representative Hudson, he has prepared an imposing new bill that can only be described as cataclysmic in its revolutionary proposals, its unbounded earnestness of effort, and its limitless ignorance of the motion picture industry and the powers of the federal government. It is nothing less than a proposal that a government commission supervise the making, distributing, exhibiting and censoring of all motion pictures.

It opens fire with the astonishing declaration that "the motion picture industry is hereby declared a public utility." Thus the nature of the beast is changed by declaring that it is a different kind of beast. Then it provides for a commission of nine members free from political affiliations, but appointed from the two major political parties.

These non-partisan party members are to be qualified by experience in the tech-

nique of the motion picture industry, but nevertheless shall not have had any actual connection with motion pictures for five years before taking office. That is, none of these qualified experts can know anything about sound pictures.

The commissioners are to have arbitrary authority over every detail of production, from the selection of the script to supervision of photography, set, costuming, research, music, sound reproduction—everything. There are few professional supervisors who would undertake that assignment, although there are many patriots in Washington who would—and who believe they could do it, too.

The bill further provides for a system of auditing and investigating accounts and other matters all over the country, which would require a small army of traveling office-holders to realize. Finally, it proposes to assess the industry itself for the maintenance of this army. The author of the bill slipped a little there, for he forgot that earnings come solely from box-office receipts, so that the public would have to pay the bill for obstructing its own pictures. He should have provided a government bond issue for the next generation to pay.

The bill cannot pass, but it is interesting as an extreme example of what many American industries today are being subjected to by sensational, half-baked attempts to evoke the power of government in support of the theories of people who offer only commonplace idealism as a substitute for factual knowledge.

It is difficult to write reasonably about the movies and their makers in this controversial period. One is supposed to damn either one side or the other. If he does not, he runs a fair risk of being damned by both sides himself. Yet the whole subject is too vital to be left to partisanship. Unnecessary suspicion attaches itself to both sides in these attempts to saddle the motion picture industry with reform laws. It cannot be repeated too often that the interests of the public and the industry are identical. We all want pictures that we can be proud of as citizens and as lovers of good entertainment. There is no Virtue Trust.

**N**O ONE REALIZES more keenly than the leaders of the industry how great are the possibilities for good in their product. But the motion picture is so new that most of its leaders began their careers in other walks of life. They have been beset by almost insuperable difficulties, and nevertheless have succeeded in building up a source of public recreation, education, and industrial and commercial advance that, with all its faults, is superior to anything of the kind that had ever before existed. It has a long road to travel before it can be free from serious criticism, but every year is bringing progress. To realize this it is necessary only to compare the best, the average, and the worst motion pictures we have today, with those of ten years ago when the Hays Organization began its work. Slowly the present internal difficulties of the industry are reaching a solution. New difficulties will arise, and these will have to be settled gradually by more patient plodding from



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within, not by legislation from outside. Certain vital public interests are still calling for remedy. The writer can mention only some of these and his own conclusions thereon, giving assurance that he has no intention of asking anyone to pass a law about them.

(1) There should be more organized co-operation and less organized opposition between the motion picture industry and those sincerely interested in pictures from the social point of view. The organized industry favors this and spends much effort in promoting it. At this writing three thousand local organizations of socially minded people are availing themselves of the opportunity. It is the effective way to accomplish what the industry is wont to call "raising the quality of the demand." It in turn will continue to raise the quality of the supply and dispel much misunderstanding. Misunderstanding is fatal to progress. Let those who feel that the industry is insincere in its effort at improvement, begin painstakingly to get the exact facts; and let them keep this up until either they prove their case or lose their suspicion.

The same applies to the motion picture industry. A censorship campaign is not necessarily an indication that some one wants a political job. It may indicate a deep-seated grievance which can be met by getting the facts and acting on them.

(2) The public should stop blaming the producers for declining to make good pictures for poor audiences, and then in turn furnishing good audiences for poor pictures.

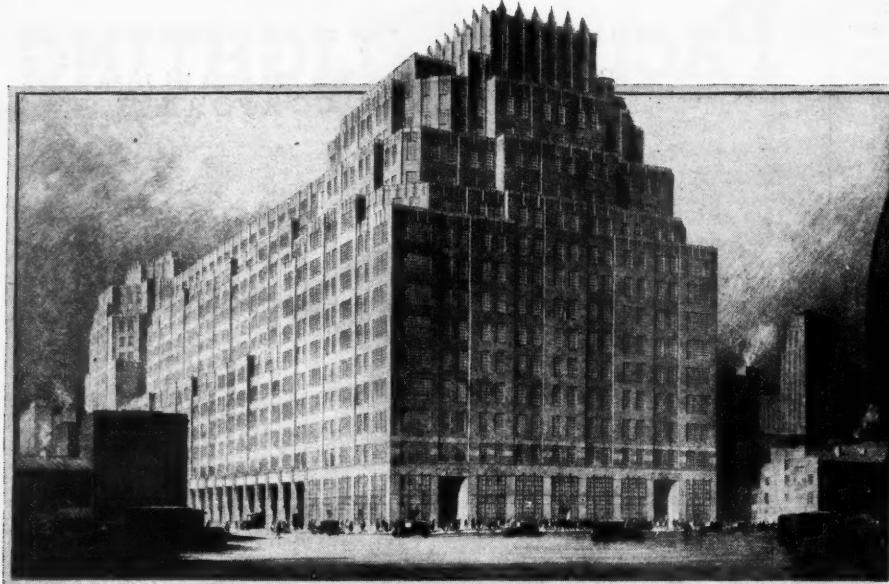
(3) Educational use of motion pictures

has never been given a fair chance. The motion picture began its existence as a form of recreation exploited by commercial recreation men; hence education has been a side issue. The initiative of the Hays organization should be followed, but it is neither good business nor good public policy to burden it with sole responsibility. Here, if anywhere, government co-operation might help. Many important departments at Washington maintain their own motion picture bureaus, but have inadequate funds for proper work. The government might well afford to have these pictures professionally produced and then made available for public educational work, or else arrange with the motion picture industry to do the distributing.

(4) Children have a reasonable right to see motion pictures, and education of their taste is more important than censorship. Why would not some method of school-board supervision and financing children's showings in selected theaters, be a legitimate educational expenditure? Before the war, Germany was training its children's taste in operatic and orchestral music in this way.

(5) Finally, the real public interest in the motion picture industry lies in its results. The public has a right to expect an abundance of the best pictures at the lowest price consistent with the interests of all concerned. There are limits of public policy that apply to all industry. Within these the motion picture industry must be allowed legal clearance to get results in its own way.

Then it can be held responsible for its own actions.



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## Off the Sidewalks of New York

By HOWARD S. CULLMAN

Commissioner of the Port of New York Authority

**A**VAST ASSORTMENT of troubles besets our railroads. Some of these cannot be attributed, by any process of reasoning, to that convenient goat, the current economic slump. Certainly, the question of excessive terminal costs—especially for less-than-carload freight—may be classed as a pre-depression problem, and one which can be met without waiting for the dawn of a new economic day. The Port of New York Authority offers one immediate and logical answer in the construction of the first Universal Inland Terminal for less-than-carload freight on Manhattan Island, business heart of New York City.

Any New York merchant or manufacturer could, today, make a severe indictment of Manhattan freight methods. In an age dedicated to speed and convenience, it takes more time, effort, and expense to move less-than-carload shipments a few city blocks than it does to move them many railroad miles. In a day when great vehicular bridges and tunnels link Manhattan with the mainland, 65 per cent. of all New York freight is still lightered. At a time when the lesson of cooperation has been learned by every major industry, the trunk lines serving the metropolis still maintain costly individual pier stations, competing among themselves but offering no real competition to their greatest mutual rival, the motor truck.

Inland Terminal No. 1, which will cover the block bounded by Fifteenth and Sixteenth Streets, Eighth and Ninth Avenues, is the first in a proposed series of three similar structures. When completed, the Port Authority terminal program will permit the railroads to read-

just their methods to economic evolution, to capitalize rather than compete with the transportation media which twentieth century ingenuity has devised.

Served by every known type of motor vehicle—truck, trailer, and tractor—located to make the most of all the principal trans-Hudson arteries, the Terminal bears the promise of efficiency and significant economies to the railroads, the shipping, and the buying public. In principle it may be likened to a gigantic package post office. Its immediate objective will be the reduction to the public of handling costs on less-than-carload freight.

Trucking inefficiency in Manhattan is notorious. The average truckman today may start out in the morning to collect a consignment of radios from upstate, a crate of cotton goods from Carolina, a bag of walnuts from California, a desk from Grand Rapids, and a case of shoes from Massachusetts—all arriving via different railroads. To collect this load he must call at six separate pier stations. He must park his truck six times, wait in line six times to pay freight charges, and waste more time and effort in loading goods from pier floors—not platforms. If he is lucky he may manage to collect and deliver his load by noon. Then he must start out with his outbound goods, which may be equally diversified, demanding a repetition of his morning's schedule.

This is the manner in which trucking—costing six cents a minute—is carried on; and it is in this way that manufacturers and merchants roll up a bill for handling costs which the buying public pays. It is this bill that scientific ter-

minal methods should reduce materially.

At Inland Terminal No. 1 a shipper's truck will be able to deliver and collect all goods, via any and all railroads, from and to any and all points of the compass, on one trip. Designed on a mammoth scale, equipped with three hundred tailboard positions for merchant and railroad trucks, the new Terminal will be the last word in trucking efficiency. All outbound freight will be received on the Fifteenth Street side, where trucks—backing into any of the specially built berths, of platform height—will be loaded without interference to street traffic. All inbound goods will be sorted for consignees, ready to be picked up on the Sixteenth Street side of the building on the same trip.

**F**ROM THE RAILROADS' point of view, the new terminal program should help to eliminate waste movements of freight cars, which have accounted for 7 per cent. of the total cost of port terminal operations during recent years. From the basement of the Terminal, freight sorted and assigned to the line designated by the shipper will be loaded upon trucks or tractors. As fast as these are filled they will proceed to the Jersey railheads via the Holland vehicular tunnel under the Hudson River, or else via the ferries. Inbound loads will be collected at these railroads in New Jersey, and brought to the Terminal on the return trip.

It has been estimated that the centralization of terminal operations will reduce less-than-carload trucking in Manhattan by one-half. This is of importance not only to the shippers, to whom it means

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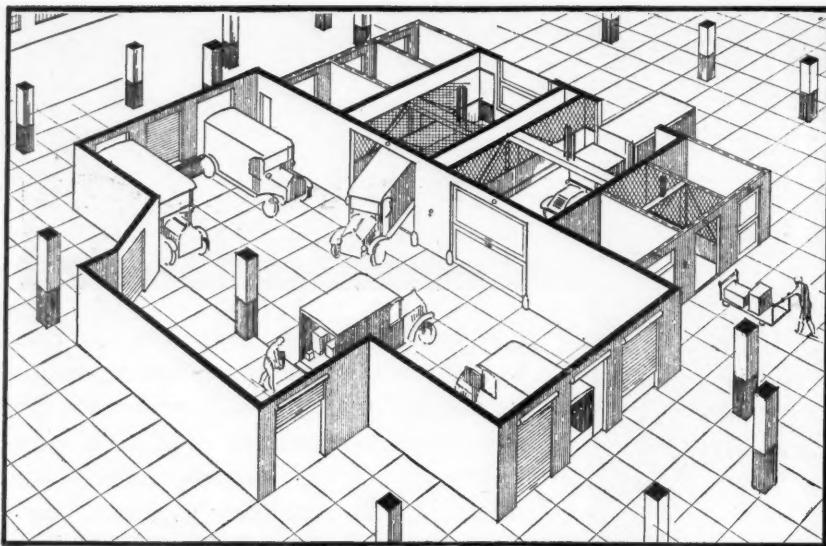
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MOTOR TRUCKS are carried to your floor, by elevator, in this new inland terminal.

increased efficiency, but to every pedestrian and motorist. Parked trucks, partially loaded trucks, and trucks making unnecessary trips are important factors in a traffic problem that grows daily more troublesome. The centralization of terminal facilities will be an important step toward thinning the ranks of superfluous trucks that now clog Manhattan thoroughfares.

Further, when the coöperative methods which the railroads have adopted in this enterprise have proven a practical success, a step of importance from the point of view of port development can be accomplished. With three terminals, handling all less-than-carload freight, it will be possible for a number of existing pier stations to be released for steamship use exclusively.

Whether the Port Authority is building a \$60,000,000 bridge over the Hudson, or a railroad terminal, one principle has always been strictly adhered to: each enterprise must become self-supporting. This Inland Terminal No. 1 will be not only a unique shipping facility but a great modern office and loft building. Fourteen stories in height, centrally located, the building has been designed to secure maximum window space, high

ceilings, floors capable of sustaining heavy loads; and it will be fully sprinklered. Further, it will offer the shipping tenant certain unique facilities. Twelve freight elevators will bring inbound shipments directly to upper floors. Outbound goods will be sent directly to the basement, where railroad vehicles will take them to their destination. Fully loaded trucks can be raised, on four truck elevators, to manufacturing floors and there unloaded, eliminating several costly handlings. The Eighth Avenue side of the building has been reserved for office space and it will have all the external dignity required of such an edifice, while offering the convenience of easy inter-communication with the shipping and manufacturing portions of the structure.

The coöperative spirit which the railroads have shown in this enterprise has made it a reality. A joint operating agency, including all the trunk lines serving the port district, will direct all shipping activities at the terminal. It is anticipated that this coöperation will bear immediate and visible results in increased efficiency and appreciable savings to the railroads, to shippers, and to the buying public.

## Industrial Sidelights

"IT SEEMS TO ME that instalment-buying could be used to immense advantage for modernizing industrial plants," said a plant owner during one of those spontaneous meetings in the smoker of the 20th Century. "There are scores of manufacturers who would like to buy machinery right now, but who dare not weaken their quick-asset position by buying for cash. Nor do they want to borrow from their banks, even if they could. In such cases the instalment-buying plan seems to have everything to recommend it. It has worked out quite well in the purchase of automobiles, oilburners, and other products which may be classed as luxuries, where the risk is much greater.

"All of us know that the most up-to-date equipment may bring about savings anywhere from 25 per cent. to 200 per cent. or more. What if it is necessary to pay somewhat above ordinary bank interest? Equipment manufacturers have made tests which take the risk out of the proposition for the purchaser. If these equipment manufacturers are so sure of what their equipment can do, they should be willing to take payment out of savings as they accumulate."

With cheap money, abundance of funds, and everyone agreed that the crying need is for industrial activity, this is something to consider.

• • WHALE MEAT is used as food for

cows to a limited extent in Norway. Millions of pounds of this meat are thrown overboard annually from whalers. By a dehydrating process, it may be preserved. It is said to contain three times as much protein as herring, great quantities of which are now fed to livestock in Norway.

• • CAST-IRON BLOCKS are being used to surface a road in England. These blocks are of heavy triangular sections, embedded in bitumen carried by a concrete sub-surface. It is claimed that the blocks are non-skid, are cheaper than granite, and can be made quickly. If they prove durable, their use on an extensive scale will bring greater activity to Britain's lagging iron industry.

• • ALMOST THREE PER CENT. of the nation's total food bill, or more than \$470,127,000 of perishable foods are lost annually in the retail stores of the United States. One egg out of every dozen is lost in distribution, while losses in fruit and vegetables through evaporation and deterioration often run as high as 25 per cent. Meat losses from discoloration and shrinkage are also high. What an opportunity for refrigeration, and improved wrapping!

• • GRAY MOLD or nest decay is a form of rot which attacks pears when boxed for storage or shipment. Wrapping the pears in ordinary wrapping paper does not prevent the spread of the rot from affected fruit to sound fruit. The rot can be isolated and sound fruit protected fully by wrapping it in copperized paper—a paper impregnated with copper. According to Dr. J. S. Cooley, Department of Agriculture, who made this discovery, about 30,000 boxes of pears will be stored this year, each pear wrapped in copperized paper.

• • SO LONG AS the "uppers" are in good shape, it is economical to have new soles and heels put upon shoes. No one would think of throwing shoes away without having them soled and heeled at least once. This same practice is being applied more and more to machinery. When the outer rim of railroad wheels receive "flats," the old rims are taken off and new rims shrunk on. Sometimes the flat is built up by means of welding. Waterwheels and hydraulic turbines are having the wear parts either filled up by means of welding, or replaced by overlays of extremely hard metal. The teeth of drag lines and steam shovels also are given overlays to take the wear and extend the life of the teeth.

The use of welded overlays has another advantage. Where extreme hardness is required to combat wear, the underlying body may be of softer, less brittle metal capable of withstanding shock and vibration.

• • ROADBEDS of highways are being leveled hydraulically. Iowa used this method in 1930 to raise some 19,000 square yards of sunken paving at the cost of \$1.09 a square yard. Equipment required is a portable cement mixer, an air compressor and jack-hammer, air drill or paving breaker, and a truck.

## Conquers Rickets

*Continued from page 43*

the clinic rooms to have X-ray photographs taken and other observations made. A careful record was kept.

"The results exceeded our expectation," Dr. Hess reported to his associates at the American Medical Association meeting. "The best prevention was obtained with the milk from cows which received the greater supplement of irradiated feed (yeast in this case). This milk not only prevented rickets but was able to effect a cure in the cases in which a test of this kind was undertaken. In addition the infants thrived well and gained normally in weight. It may be added that the health and nutrition of the cows also was excellent."

"These clinical observations were paralleled by biological tests of the milk carried out in the laboratory," continued Dr. Hess. This work was done under the direction of Dr. H. C. Sherman, and was largely a repetition of tests made on rats a year earlier.

Dr. Edwin T. Wyman, of the Infants and Childrens Hospital of Boston, has also been experimenting with this vitamin D milk and is equally enthusiastic about this new scientific advance in the fight to banish rickets.

The feature that appeals particularly to these doctors is the fact that this method of securing the necessary vitamin D, through the use of a natural food opens the way for the general elimination of rickets. Whole communities of babies can now be safeguarded and treated from the public health standpoint rather than by laboriously taking each individual baby as a separate case.

A word as to the availability of vitamin D milk. At present certified milk activated with vitamin D by feeding cows irradiated yeast is available in the metropolitan areas of New York, Philadelphia, and Boston. The yeast may be secured by any dairyman, but he must have the facilities and the technical ability to utilize it properly, and only a large dairy with many cattle which can be carefully controlled is suitable for the production of such biologically improved milk. There are, of course, many such dairies in the United States.

Another method for increasing the vitamin D content of milk is by irradiation of the fluid milk after it has come from the cow. Such irradiated fluid milk is already on the market in England and the Continent and will undoubtedly be widely distributed in this country. At present a well-known brand of powdered milk is manufactured from fluid milk which has been irradiated. This milk has been demonstrated to be efficacious in the prevention and cure of rickets.

The time will probably come when health authorities will stress the desirability of having all market milk irradiated or otherwise reinforced with vitamin D. Augmenting the vitamin D content is significant to the promotion of the public health and physical welfare.

By this development of vitamin D milk, another victory has been won for science and another widespread human affliction can be relegated to the past.

**"Their land also  
is full of silver and gold  
neither is there any end to their  
treasures . . . neither is there any  
end to their chariots."**

-Isaiah II,7.



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walking in fear . . .  
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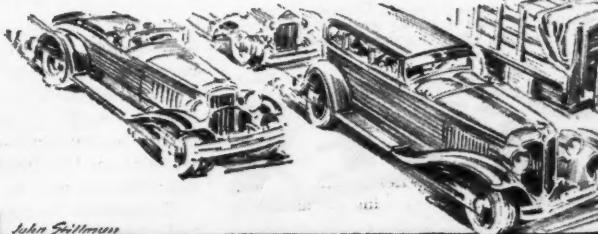
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## The Tax Muddle in Chicago

Continued from page 29

But what of the future, not only for Illinois and for Chicago, but for every state, county, and city in our country, and for the United States itself?

We must have not only honest men and women in office, but we must have those who have been taught the great underlying principles of government. Operating expenses must be cut; graft must be wiped out. But there must be something more than all this—something more important. Something more than honesty, something more than the reduction of expenses, something more than graft wiped out.

We must study the art of government, and youth must be inspired with its duty to the public. Thousands of young men and women enter the profession of teaching, well knowing that it yields only a moderate return in dollars and cents, but they expect to enjoy it, and through it to render service. Just so, after having been instructed in the art of government, our young people must be inspired to enter public life.

Universities near large centers of population are giving particular attention to such study. Through their research they are aiding many groups of citizens seeking to bring about better conditions in local governments. Northwestern University has four professors—Ely, Haensel, Hahn, and Simpson—who devote the major portion of their time to these problems, three of them being investigators in the field of taxation. In its schools there are nine special courses relating to the study of the underlying principles of government, and seven or eight research projects are carried on.

Our government must be conducted with intelligence or democracy will end. To illustrate: There are more than 430 political bodies in Cook County, each levying taxes. This creates a fearful overhead. It is not intelligent. Students of research in political affairs continually emphasize this. Few politicians ever re-

fer to it. They are a unit in keeping quiet, because a change would mean a great decrease in the number of political jobs. It is said that the wasted overhead on account of these taxing bodies is more than fifty million dollars a year.

In Illinois there are 12,000 school districts. That means 12,000 taxing bodies! This also is not intelligent. A tremendous decrease in overhead could here be made. North Carolina has recently abolished many local taxing boards. Their duties and powers are centralized in the state. County and township road boards no longer exist. The support and administration of the public school system are now the duty of the state. This change—roads, schools—is reported to have reduced the annual tax burden by more than \$12,000,000. Such a course in a state with the population of Illinois, with twelve thousand school districts and hundreds of highway boards, would save many times twelve million dollars.

A former governor of this state, an ideal executive, Frank O. Lowden, is giving the subject of consolidation of political bodies intensive study. He is helping to create a public opinion which may bring this about. If his efforts and the efforts of others are successful there will be increased efficiency at greatly lessened cost.

Once again, we must have not only honest officials, but those who understand the art of government—officials who know that excessive sums of money withdrawn from productive purposes for needless taxation means hard times, unemployment, disaster. We must have officials who know that the people who pay little or no direct taxes suffer from excessive taxation just as much as those who are wealthy. The future of our democracy depends on men and women educated in the art of government and inspired for public service. Herein lies a great opportunity for our schools, colleges, and universities.

## Milwaukee Shows a Way

"WE IN MILWAUKEE have been able to lift ourselves out of municipal bankruptcy." Thus writes Daniel W. Hoan, its Mayor, in the *National Municipal Review* for February. He believes that borrowing is the worst curse of cities.

First Milwaukee determined to pay by cash out of taxes for all street improvements, river dredgings, and such things, thus abolishing bond issues. But it necessitated strict economy. A scientific budget for each city department, agreed to and lived within, is adopted; and the annual tax rate to meet these expenses is determined by this budget. A deficit becomes impossible.

Next Milwaukee appropriated an annual tax to place departments on a cash basis. Today three-quarters of the city's work is on this basis; in three years all departments will be.

Milwaukee invented a unique plan for reduction of its bonded debt. The city's

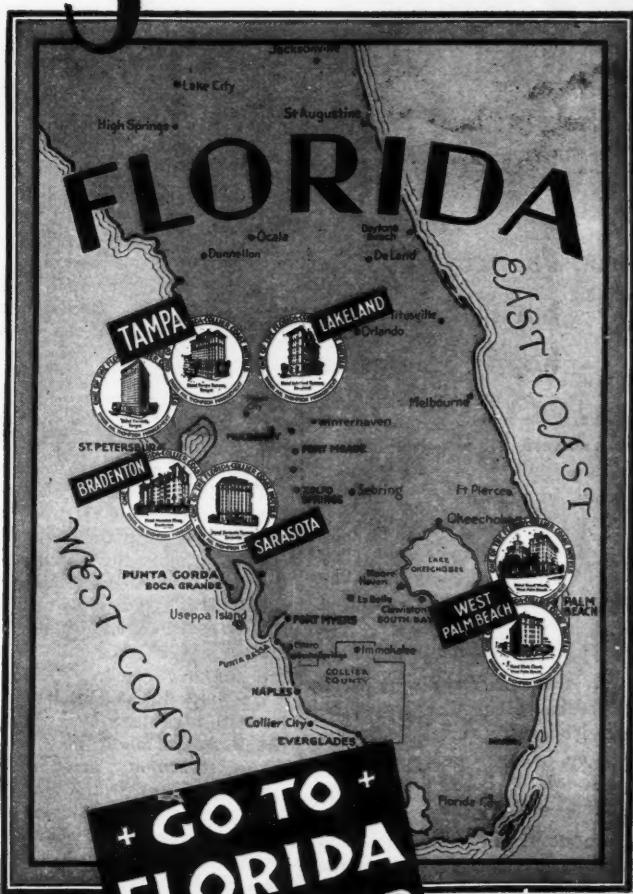
moneys, instead of being placed in banks at low interest, were invested in United States securities or good municipal bonds paying 3 to 5 per cent. When these interest moneys started to accumulate, one-half was set aside in an amortization fund, similarly invested. This fund already exceeds \$3,000,000. In thirty years it would pay off the city's public debt—and \$8 a thousand could then be deducted from the tax rate.

Lest you think that Milwaukee is staggering from a tax burden, Mayor Hoan tells that the tax rate for all city purposes including school tax is \$26 per thousand of assessed valuation. This is below the average. Do the people of Milwaukee like or dislike these policies? His answer is a challenge to all municipal governments: "The fact is that the people of any community, I believe, will back up a sound financial policy if given the facts. They like it in Milwaukee, and they will like it elsewhere."

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# Holland: From Ocean Bed to Farmland

"**G**OD CREATED the world except Holland; Holland was created by the Dutch." So goes the French saying, and even a brief visit to the land of windmills and dikes convinces you that it is appropriate. For centuries Hollanders have been wresting the land from the sea; draining swamps, streams, and lakes, building dikes and canals. Today they are nearing the completion of the greatest dam in the world, which will eventually transform half a million acres of land, lately under the Zuider Zee, into neat Dutch farmsteads.

Holland, or hollow land, is a kingdom of 13,205 square miles, a little larger than the state of Maryland. From earliest time the inhabitants preferred precarious living in this marshy northland to conquest by the Romans. They built dikes to keep out the floods, defeated their enemies on land and sea, developed good laws and progressive ideas of liberty and tolerance. When they had rid themselves of the Spanish yoke, they became the foremost trading nation of the world, and built up an empire overseas which preceded the glory of the British empire.

The Zuider Zee did not always cover one-seventh of the territory of the Netherlands. During the thirteenth century fierce storms in the North Sea tore away the land barriers protecting central Holland. The salt sea water rushed in to submerge medieval towns and villages; mingling with lakes and rivers, it formed the Zuider Zee.

Undaunted, the Dutch turned misfortune to advantage by building towns on the shores of their new sea. For centuries merchants prospered in foreign trade, sending Dutch products to the Mediterranean, the Indies, and America. Then it was found that deep draught ships could no longer enter the Zuider Zee. The entrance from the north was blocked by quantities of silt washed up by the tides. Amsterdam saved herself by building a deep canal between her port and the North Sea, but less fortunate cities were cut off from direct contact with the rest of the world and dwindled in importance. Where once the masts of trading vessels crowded the harbors, picturesque fishing smacks with colored sails now drop anchor.

In these towns the visitor discovers much of the seventeenth century left over! Old buildings and weigh houses, clocks with hour hand only, carved facades of public buildings and churches. The



K. L. M. Photo from Orient & Occident  
**TWO YEARS AGO** this land was under the Zuider Zee.

customs of old Holland have lingered here longest. And now, after three hundred years, comes another change which will convert fishermen into farmers.

The drainage of sections of the Zuider Zee has become a fact. For many decades it had been considered by engineers. Finally Dr. Cornelius Lely presented a feasible plan to the government, by which Holland's arable land might be increased one-tenth. That was before the war, when the total budget of the country was \$80,000,000, and officials looked askance upon a project which would cost at least that much.

The war changed this attitude. Holland's expenditures increased. She suffered from over-population—628 persons to the square mile as against Italy's 359.



**HOLLAND'S RECLAMATION PROJECT.** The N. W. Polder is now dry; the Main Embankment will be closed this year.

New land would increase the production of vegetables, cheese, butter, and livestock, which could be exported in peace time, and safeguard the nation from famine in time of war.

So construction began in 1920. A dike, one and one-half miles long, connects North Holland with Wieringen; and another, about nineteen miles in length, is being built between Wieringen and Friesland. Water has been drained from 50,000 acres behind the first dike, and part of this land is used as an experimental polder. Scientists are studying the best methods of extracting salt from the soil. Crops are already being produced. Canals and roads have been laid out, and a model town constructed.

The second dike will separate the Zuider Zee from the North Sea. It is built of sand and clay taken from the bottom of the Zee, and surfaced with stone. Since the Dutch are not familiar with stone work, Italians are employed on this part of the structure. The dam rises 25 feet above sea-level and is 300 feet wide at the base. When completed it will protect the territory south of it from the constant menace of winter floods, and will also be valuable as a rail and motor-road bridge between Wieringen and Friesland.

**T**HE DUTCH do not expect to drain the whole area covered by the Zuider Zee. The Yssel river, a tributary of the Rhine, will continue to empty into Yssel Lake, which will be confined within 280,000 acres. This water will be fresh and may be drawn upon for irrigation in seasons of drought. Two groups of locks and a system of twenty-five sluices connect Yssel Lake with the North Sea. The locks will accommodate ships up to 2000 tons, and the sluices will be opened at low tide to discharge excess waters from the Yssel.

Before the reclamation project is finished other dikes will be built in the south and west of the Zuider Zee region. But the most difficult part of the work will be over when the great dam is closed next summer.

The cost of the project is estimated at \$210,000,000, with interest, \$400,000,000. The government is considering dividing the polders (the reclaimed land) into 40-acre plots, each accessible by canal and road. The land cannot be sold without loss during the depression, but eventually it should bring a return of more than \$200,000,000 besides added prosperity to many thousands of citizens.

Meanwhile visitors to Holland have the opportunity to see a great engineering feat nearing completion.

In another decade or two you may pass along the fertile bed of the historic Zuider Zee, and remark its likeness to the rest of man-made Holland. There will be trim rectangles, fields and pastures cut by straight roads and canals bordered with poplars and willows. Everywhere black and white cattle will graze on the meadows, increasing the world supply of Dutch butter and cheese. Red sails will top the dikes, bicycles whirr along the roads, neat houses with tile roofs dot the landscape, and in April tulips will turn the fields into patterns of crimson and yellow.



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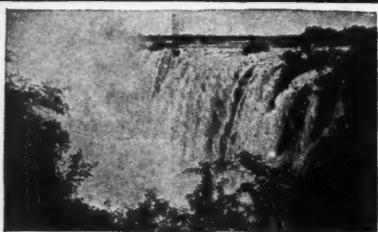
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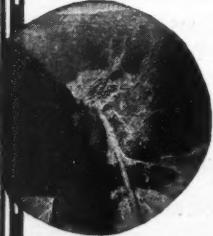
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Waterbuck in the Kruger National Park

## Historic Normandy

"BACK FROM white chalk cliffs and sandy beaches stretches a green and pleasant land of winding streams, fertile grainfields and pastures, hedgerows, orchards, well-kept farms, and villages of thatched cottages. There are hills and dales and glens, forests and waterfalls, and the typically long, straight roads." And apple blossoms. "But what else?" asks Inez Buffington Ryan, in the *National Geographic Magazine*. The answer: "We scanned the map of the region which stretches west of Paris down the lower Seine to the Channel, between Picardy and Brittany. In area it is smaller than Maryland's land and water total. But is there magic in names? Rouen, Deauville, Cherbourg, Havre. . . . Names whose associations make the heart beat faster.

"Northmen swooping down, raiding, destroying, but finally settling on the land and giving it a softened form of their name; stalwart son of duke and tanner's daughter crossing the Channel to make world history at Hastings; Norman dukes reigning in England; the King of the English reigning in Normandy. Armored knights clanking about in London, Sicily, Naples, at the Tomb of Christ. The Maid burnt at the stake. Daring sons of Normandy roaming the seas to fish, to explore and colonize unknown lands, from Newfoundland to the Antarctic, to the South Seas, around the world. Normans building lordly castles, chateaux, cathedrals, and abbeys of distinctive Norman architecture, painting pictures, writing poetry, plays, and novels of enduring fame. Poussin and Millet, Pierre Corneille, Alain Chartier and Malherbe, Flaubert, De Maupassant, and others, a Norman galaxy."

THE AUTHOR allows that Normandy belongs to the modern world as well as to its glorious past. Through its ports, Cherbourg and Havre, pour all the types of traveler. Paris looks to Deauville beaches and casinos for the smartest in styles. The world looks to Norman cows for its Camembert and Neufchâtel.

The Norman is not without his own characteristics. He does not like direct questions. Asked if the apple crop was large last year, he made this classic reply: "Well, for a good apple year, it is not too good; but for a bad apple year, it is not too bad." He does like his cider. For, as one traveler in Normandy remarked: "You can't be born, get married, or die without cider." Also he likes nice distinctions, and his love of legal form has made him famous as the lawyer of France.

The Norman is not famed for his ingenuity, but rather for his ability to adapt and improve. Miss Ryan thinks that this is particularly evident in Caen. Here the Romanesque architecture of Italy is marked by Norman simplicity and geometric ornament. Here also are the tombs of William the Conqueror and Matilda, in the abbeys they built to reconcile the Pope to their marriage.



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## History in the Making

*Continued from page 22*

### Disarmament

A conference doomed to fail?  
... But the delegates have many plans.

THE LONG-PLANNED Disarmament Conference opens at Geneva (February 2) under the auspices of the League of Nations, with sixty-four nations represented. Japan alone sends 100 delegates. Arthur Henderson, British Labor leader and former Foreign Minister, but not now a spokesman for his government, presides. Optimism is general, despite events in the Far East.

ANDRE TARDIEU, French War Minister, proposes that the League of Nations should be reorganized as a super-state (February 6). The League would have control over aircraft and large warships, submarines and dirigibles. These the powers would surrender on demand. Gas would be abolished. Thereby the League would have "teeth" to deal with aggressor nations. Germans believe the Tardieu plan to be a ruse, intended to perpetuate the uneconomic European status quo.

GREAT BRITAIN, through Foreign Minister Sir John Simon, proposes a 25 per cent. arms cut, without binding pacts (February 8). Britain is cold toward the French conception of a League super-state; but advocates the abolition of submarines and the limitation of surface tonnage and armament size.

HUGH S. GIBSON, heading the American disarmament delegation, lays down a nine-point program (February 9), which includes proportionate tonnage reduction below the Washington and London Conference limits, abolition of gas and submarines, and limitation of land forces on the basis of home order maintenance. Chancellor Bruening of Germany demands that German disarmament, under the peace treaty, be followed by general disarmament, amid tremendous applause by the delegates of many nations.

### India

Mahatma's wife in trouble, too . . . Britain grows stern.

MRS. GANDHI, wife of the Mahatma, is arrested by British authorities (January 12) for alleged revolutionary activities. Gandhi himself has been lodged in jail near Poona. Burma, the extreme southeastern section of India, is offered by Premier MacDonald a separate autonomous government, as the Burmans—who are Buddhists—constitute a racial and cultural type distinct from the Hindus and Mohammedans of India proper. The offer, intended to divide India the more, meets with little enthusiasm despite its feasibility.

THE BRITISH Government starts payment of a new kind of dole (January 24); loyal Indians are eligible to receive this by abstention from the Gandhi campaign of civil disobedience. Indian patriots deride this attempted "bribery," as do many in Great Britain. A prominent



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### War Debts

Why the Lausanne Conference was not held. . . . And presidential politics in the U. S. is one reason.

FRANCE SUBMITS a new debt plan to Great Britain (January 13), meanwhile suggesting that the United States cancel the allied war debts. These suggestions are not well received in either Washington or London. Meanwhile Germany expresses her willingness to compromise on reparations payments, although the Hitler opposition demands a radical repudiation of "tribute."

Mussolini of Italy proposes that European countries cancel credits due from each other and then present a united front to America, asking annulment of their debts. His statement takes the form of a newspaper article at Rome (January 13).

FRANCE SUGGESTS (January 17) that the proposed Lausanne Conference, scheduled for discussion of debts and reparations, be postponed for six months.

FRANCE AND BRITAIN agree (January 19) to extend the Hoover moratorium on debts and reparations until after the American Presidential election in November. America is castigated in the French Chamber of Deputies for her "indifferent aloofness."

"THERE IS no connection between war debts and reparations. . . . Europe must take the initiative in reparations." These are the chief points in a memorandum handed by Secretary Stimson to the French ambassador at Washington and made public at Paris, after several weeks' delay, on January 21.

GERMANY REFUSES a second year's moratorium for reparation payments, beginning next July, insisting upon permanent settlement. This decision is communicated by Chancellor Bruening to Britain's ambassador (January 20). The Lausanne Conference on Reparations, scheduled for January 25, is immediately called off by the British Foreign Office.

### France

A cabinet without Briand!

PIERRE LAVAL reorganizes his cabinet (January 13); Andre Tardieu becomes Minister of War, and the Premier himself assumes the Foreign Affairs post; he spends days unsuccessfully persuading Aristide Briand, ill, to continue in some honorary relationship.

EMBARRASSED by a debt statement from the United States, by an unexpected reparations stand in Germany, the reorganized Laval cabinet nevertheless carries its first vote of confidence (January 22), 303 to 265.



### Goethe Centennial in Germany

THE world of arts and letters gathers at the shrines of Goethe in Germany this year. To mark the 100th anniversary of his passing, the poet's native land pays tribute to the greatest mind of two centuries by the celebration, from March to September, of richly dowered festivals throughout the country. Here, in beautiful Germany, you will be welcomed as an honored guest at these festivals. . . . Booklet No. 85 on the Goethe Centennial sent on request.



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## Railroads

*Wage cuts . . . income.*

RAILWAY LABOR has the power to stimulate industry by accepting a 10 per cent. wage reduction, is the spirit of a two-hour address by Daniel Willard, spokesman for a committee of nine railroad presidents, before twenty-one union leaders at Chicago (January 16).

OPPOSITION from labor to the 10 per cent. wage reduction brings a second and more detailed plea from Daniel Willard, spokesman for railroad presidents, at the Chicago conference (January 21). He cites gross October, 1931, passenger earnings, latest available, as 42 per cent. less than in October, 1929, and current freight loadings 37 per cent. less than same weeks in 1929. Passenger earnings for 1931 were \$319,000,000 less than in 1929, freight earnings \$1,557,000,000 less.

### RAILROAD INCOME IN MILLIONS OF DOLLARS

Year	Freight earnings	Passenger earnings	Net operating income
1929 .....	4832	874	1274
1930 .....	4085	729	885
1931 (estimated) ..	3275	555	534

A VOLUNTARY wage reduction of 10 per cent., affecting 1,500,000 railway workers, is agreed upon (January 31) at Chicago. The agreement is for one year only. Estimated savings to the roads are \$210,000,000. Estimated additional earnings from recent freight rate increases granted by the Interstate Commerce Commission are \$100,000,000.

W. W. ATTERBURY, president of the Pennsylvania Railroad, announces his railroad's intention of applying to the Reconstruction Finance Corporation for loans estimated at five million a month (February 4). The money will be used to continue electrification of main lines.

## Presidential Politics

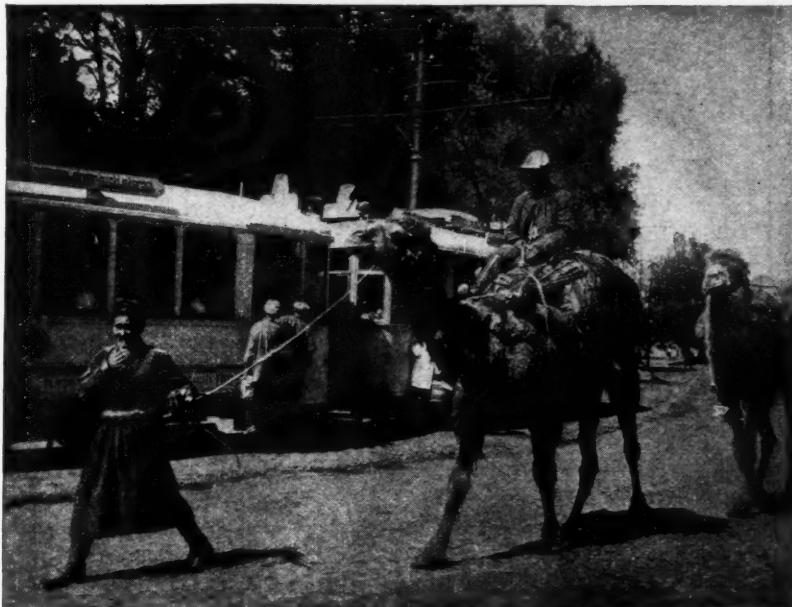
Roosevelt . . . Baker . . .  
Thomas . . . Smith.

FANKLIN D. ROOSEVELT, Governor of New York, becomes an open candidate for the Democratic presidential nomination (January 23), in a letter permitting the use of his name in the North Dakota primary next March.

NEWTON D. BAKER, Ohio Democrat and wartime Secretary of War, removes the chief barrier to his availability in a statement to ship-news reporters at New York (January 26). His long-time championship of the League of Nations is modified: "I would not take the United States into the League until there is an informed and convinced majority sentiment in favor of that action. . . . I am not in favor of a plank in the Democratic platform urging that action."

SEEKING SUPPORT for a third party backing Norman Thomas as a presidential candidate, the League for Independent Political Action declares the two regular parties are politically bankrupt and unable to meet the present emergency (January 31). The League, headed by John Dewey, offers a campaign platform.

IN AN ADDRESS before the New York



Turkestan

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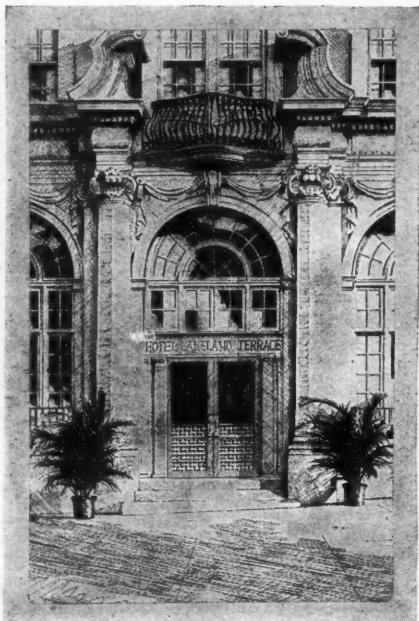
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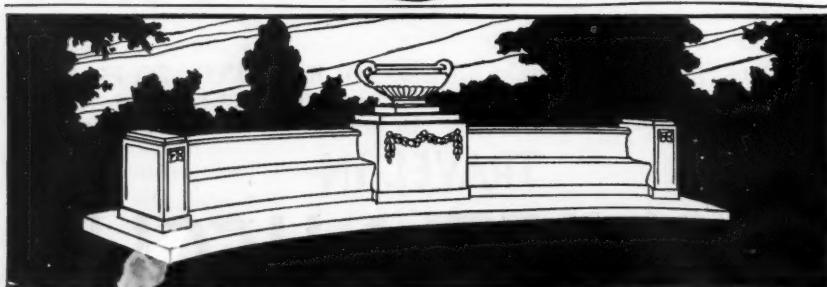
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State Grange, Governor Roosevelt announces his opposition to our entering the League of Nations. (February 2.) He claims the League has not developed along Wilson lines but is an organization discussing "strictly European national difficulties.... In these the U. S. should have no part."

PRESSED to clarify his present position on prohibition, Governor Roosevelt states it to be the same as in 1930; that is, opposed to Eighteenth Amendment and in favor of home rule and federal protection for dry states, with the outlawry of saloons continued (February 5.)

ALFRED E. SMITH announces that he is willing to accept the nomination as candidate for president, "if the Democratic National Convention after careful consideration should decide that it wants me to lead." (February 7). At the same time he declares that he has no organization working in his behalf, that he will not seek delegates, and that he will not oppose or support any other candidate for nomination until the time of the convention. The news is received as a "stop Roosevelt" move.

NEW YORK DEMOCRATS admit on February 9 that Tammany might support James Walker, Mayor of New York City, for the vice-presidency, if Smith and Roosevelt kill each other's chances.

### Depression

Living Costs Down . . . Labor Speaks.

GERMANY'S JOBLESS totaled about 6,000,-000 on January 15, according to announcement six days later. This was an increase of 300,000 since the year-end.

DOWN BY 9.3 per cent. went the cost of living in the United States during 1931. The decline was less in the Northwest, greater in the Southeast. Food was down 16.6 per cent., clothing 11.4, house furnishings, 11.2, rent 2.8 per cent.

DEPTH OF the depression in the United States in December, 1931, well in the third year, is indicated by railroad operating income. First thirty roads to report (January 27) showed net income 46 per cent. less than December, 1930, and 57 per cent. less than December, 1929.

U. S. STEEL Corporation operations for the last quarter of 1931, published January 26, show a deficit of \$4,000,000 besides depreciation. It was the worst period, financially, in the Corporation's entire history of thirty-one years.

REPRESENTATIVES of 30 trade groups in Building Trades Employers' Association ratify a 25-30 per cent. wage cut for builders in New York City (February 3). Effective May 1 when the present agreement expires, it would last until December, 1933. No labor representatives attended the meeting. Will the unions accept, compromise, or walk out when May 1st comes?

LED BY William Green, president of the American Federation of Labor, more than 100 leaders of labor march from their headquarters in Washington to the White House (February 9) and present a formal petition for relief.

## Reconstruction

Deflation has gone far enough . . . The President and Congress in co-operation for uplift.

**T**HE MAGIC of General Charles G. Dawes' name is attached to hopes for the Reconstruction Finance Corporation as President Hoover names him as president of the corporation (January 19); Eugene Meyer, Governor of the Federal Reserve Board is named as chairman.

WITH PRESIDENT HOOVER's signature affixed three hours after the measure finally passed both houses of Congress, the Reconstruction Finance Corporation comes into existence (January 22). It is the Administration's major remedy in the third year of depression.

ADDITIONAL CAPITAL of \$125,000,000 is provided for Federal Land Banks in a measure signed by the President (January 23). The measure permits extension for five years of farm mortgages due and unpaid.

THE SENATE confirms Democracy's three directors of the Reconstruction Finance Corporation as named by the President: Harvey C. Couch, of Arkansas, and Jesse H. Jones, of Texas (February 2); and Wilson McCarthy, of Utah (February 3).

A STATEMENT issued from the White House by President Hoover (February 3) urges the people as a patriotic duty to stop hoarding and put their dollars to work through sound investment or deposit in strong institutions. "During the past year a total of over \$1,300,000,000 has been hoarded. . . . Every dollar hoarded means a destruction of from 5 to 10 dollars of credit. Credit is the blood stream of our economic life." This drive against hoarding is the first move in a campaign by the Reconstruction Finance Corporation.

PRESIDENT HOOVER announces that he has asked Col. Frank Knox, publisher of the Chicago Daily News, to head a national organization directing the anti-hoarding drive (February 5).

THE RECONSTRUCTION Finance Corporation issues circulars (February 7) to institutions and companies eligible for loans under the law, instructing them how to apply for assistance. Loans will be made to aid financial, industrial, and agricultural enterprises for a period of three years. Except in the case of agriculture, enterprises must have been planned before January 22, 1932. Collateral must be offered and loans will not be made on foreign securities or to aid in liquidation of these. There is no provision for personal application for loans. Individuals, except farmers, must work through their banks. Farmers may apply through an institution, or direct to the Secretary of Agriculture. Separate provisions for railroads state that loans will be subject to approval of the I. C. C.

THE AMERICAN LEGION, American Federation of Labor, and Association of National Advertisers launch a drive (February 7) to find 1,000,000 new jobs in the next thirty days.

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20,000,000 Americans to organize a patriotic drive against hoarding (February 6). Details of a plan to reach every community are left to Colonel Knox. After an interview with the President (February 8), Colonel Knox declares that American business is operating on a 60 per cent. basis and must be speeded up to full productivity.

To STIMULATE banking credit through revolutionary changes in the Federal Reserve System, President Hoover calls a conference of Democratic and Republican leaders at the White House (February 10). As a result, Congress will be asked to pass the Glass-Steagall bill containing three proposals. The first two would extend or modify Federal Reserve provisions for rediscount and note issue, thus making available to member banks funds heretofore inaccessible. The third would release for use all gold above the 40 per cent. required by law as collateral for Federal Reserve notes, which is temporarily tied up as excess collateral.

## Congress

"Stop borrowing" . . . Direct federal relief . . . Secretary Mills.

REPUBLICAN treasury officials, Mellon and Mills, explain their taxation plans to Democratic controlled House Committee on Ways and Means (January 13). "The courageous thing to do is to stop borrowing." Their proposals would increase revenue next fiscal year by \$920,000,000.

AID FOR Federal Land Banks, second of Hoover relief measures, passes in the Senate without roll call (January 13). It adds \$125,000,000 to the banks' capital.

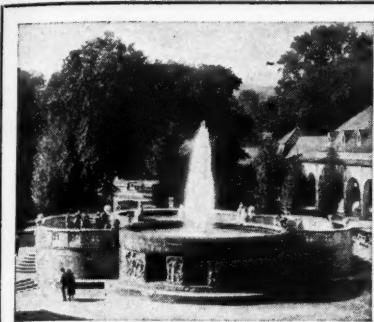
TWO BILLION dollars in emergency government credit—capital of the Reconstruction Finance Corporation—comes nearer as Democratic leadership guides the principal Hoover relief bill through the House (January 15). The aye vote is 154 Democrats and 18 Republicans; the noes are 43 Democrats and 12 Republicans. It passed the Senate on January 11.

UTILITIES are to be investigated by the Interstate Commerce Committee of the House, by resolution adopted January 19; power companies, telephone and radio systems, pipe lines, and holding companies are included in this provision: "public utility corporations (railroads excepted) engaged in the transportation, transmission, or sale of property, energy, or intelligence."

INDEPENDENCE, and nothing less, not mere autonomy, is the Filipino plea presented to a House committee at Washington (January 22) by Sergio Osmena, head of the Philippine Mission.

SENATE and House both approve the conference adjustments on the Reconstruction Finance Corporation bill (January 22), and it goes to the President for signature.

SIXTY MILLION dollars less than last year, and eleven millions less than the budget estimates, the agricultural appropriation bill is adopted by the House (January 27), carrying \$175,000,000.



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REPUBLICAN control in the Senate rejects (Finance Committee vote, January 28) the Democratic bill which passed the House, taking power from the President under the flexible provisions of the present tariff law.

DIRECT FEDERAL relief for the unemployed is asked by the LaFollette-Costigan bill authorizing an appropriation of \$375,000,000 (February 1). Distribution would be made through the existing city, county, and state relief agencies. Prior to introducing the bill, a poll was made to determine the attitude of the country toward federal relief. Three hundred and five cities, with a population of 9,000,000, favored such action and 215 cities with a population of 4,618,000, were against it.

DEMOCRATS Black, Walsh, and Bulkley offer a bill in the Senate proposing that \$375,000,000 be appropriated and loaned to governors of states whose resources have been exhausted; that another \$375,000,000 be appropriated to use in road building (administered by the Secretary of Agriculture) (February 3). This bill is offered as a substitute for the LaFollette-Costigan bill asking \$375,000,000 as donation.

PRESIDENT HOOVER announces his appointment of Andrew W. Mellon as Ambassador to Great Britain, replacing General Charles G. Dawes, recently resigned (February 3). The Senate confirms this appointment (February 5). Mr. Mellon's term as Secretary of Treasury would have been eleven years on March 4. His record is unduplicated, in that he has served under three Presidents, Harding, Coolidge, and Hoover.

THE SENATE Agricultural Committee approves three bills carrying more than \$110,000,000 for farm aid. (February 6).

AMERICAN LEGION calls economy move by the government in relation to army and navy, "not only a crime" but "a national disgrace." (February 7.) The Legion calls on Congress for immediate enactment of the Hale and Vinson measures which provide for building up the navy to the London Treaty strength, for the increase of the regular army from 12,000 to 14,000 officers, and to 165,000 enlisted men and other measures favorable to national defense.

THE WAYS AND MEANS Committee seeks to raise \$455,000,000 more than would be afforded by the tax proposals made to Congress in Secretary Mellon's annual message in 1931 (February 8). To balance the 1933 budget \$1,241,000,000 is needed. Under-secretary Ogden L. Mills explains that estimate of expected revenue from taxation was too high last November, when a revival in business was expected by January 1.

IN REPORTING his investigation of the Philippines to the House Committee on Insular Affairs, Secretary of War Hurley says that until the Islands make greater progress toward economic independence it will be unwise to grant them political independence (February 10).



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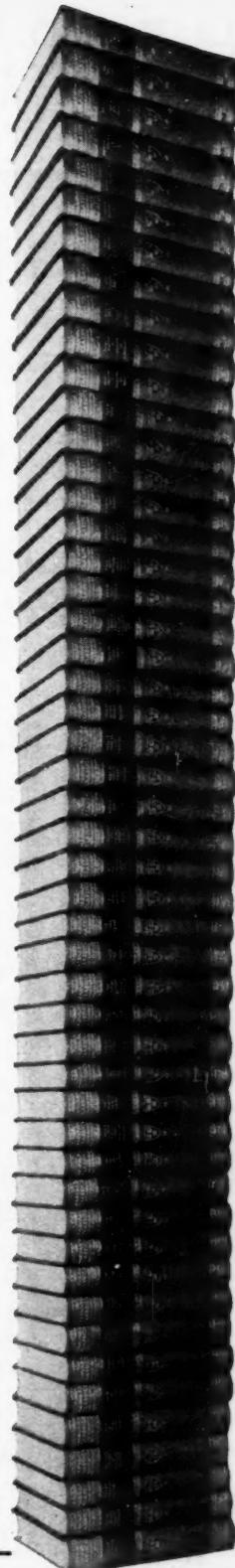


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# THE REVIEW OF REVIEWS

Edited by Albert Shaw

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## Our Authors

**S**EVEN OF OUR authors this month will be found among the elect whose careers adorn the pages of "Who's Who in America." And they are there largely by virtue of achievements in fields different from that of writing. Another contributor furnishes one of those rare instances when the editor of that indispensable volume has been caught napping.

• • • C. T. REVERE, author of last month's article which called attention to the high cost of prohibition, writes this month on a subject equally controversial—that of short selling. Mr. Revere is himself a broker, a member of the firm of Munds, Winslow & Potter; and in the wide range of his experience he has come to believe firmly in the advantages of unrestricted markets for the purchase and sale of securities and commodities. His firm operates not only on the New York Stock Exchange and the Curb; it is a member also of the New York, New Orleans, and Liverpool cotton exchanges, Chicago Board of Trade, Winnipeg Grain Exchange, and of rubber, silk, hide, metal, and coffee-and-sugar exchanges.

When he took up his work in Wall Street, perhaps thirty years ago, Mr. Revere abandoned the career of a journalist which had already brought him the titles of managing editor and financial editor of metropolitan newspapers; but he did not abandon the career of writing. His market letters are widely known, particularly in the field of cotton. He was a guest speaker at the International Cotton Congress in Paris last summer.

• • • GEORGE G. ALLEN, advocate of a manufacturers' sales tax for states as well as for federal government, is one of the nation's leading business men though he succeeds too often in remaining in the background. He is president of the Duke Power Company; and the corporations of which he is a director include such widely diversified interests as the Aluminum Company of America, the American Cyanamid Company, the Guaranty Trust Company of New York, the Marine Midland Corporation, and the Texas Corporation.

• • • EDWARD M. BARROWS has been introduced before. This is the sixth article from his pen, in the series on Government and Business.

• • • MARTIN L. DAVEY, one of the most active proponents of Newton Baker for President, was himself a Democratic Member of Congress from Ohio, 1918-27. He is president of the Davey Tree Expert Company, son of the late John Davey, father of tree surgery.

• • • KATHERINE PALMER, author of the character sketch of Newton Baker, is a member of our editorial staff. She is a product of Mount Holyoke College and of the Pulitzer School of Journalism at Columbia University.

• • IRVING FISHER and THOMAS S. ADAMS both are professors of political economy at Yale. Dr. Fisher has made a special study of the fluctuating value of the dollar, and of index numbers, besides having a notable interest in life extension, in prohibition, and in world peace. Dr. Adams is an expert in the field of taxation, long an economic adviser to the Treasury Department.

• • FRANK H. SIMONDS needs no introduction. This is the eighteenth year of his association with our readers. He writes this month from Geneva, an observer at the Disarmament Conference.

• • HARRY T. NEWCOME, who writes here on railroads, became a railway clerk at fifteen. At twenty-one he went with the Interstate Commerce Commission, and in subsequent years completed law studies at George Washington University. He became a statistical expert in overlapping fields of transportation, agriculture, and the census; but lately he has devoted himself to the practice of law at New York, now general solicitor and vice-president of the Delaware & Hudson Railroad.

• • HARPER LEECH, born and educated in Tennessee (Vanderbilt University), began there a career as newspaper reporter, correspondent, and editor. For the past ten years he has been in Chicago, a writer on economic subjects for the Chicago Tribune and an advertising executive.

• • LAST MONTH'S article on the high cost of prohibition—to the taxpayer—brought an avalanche of letters to the Editor's desk. They came from both sides of the fence.

The conservative *Financial Chronicle* (New York) quoted the author's conclusion that modification of prohibition, and a liquor tax, would catapult us overnight into a period of bewildering prosperity. Then the paper remarked editorially: "The foregoing may appear a little overdrawn, but in all essential respects it presents facts with reference to an underlying truth with telling force and accordingly should prove helpful in the solution of the gravest and most pressing of the country's economic problems."

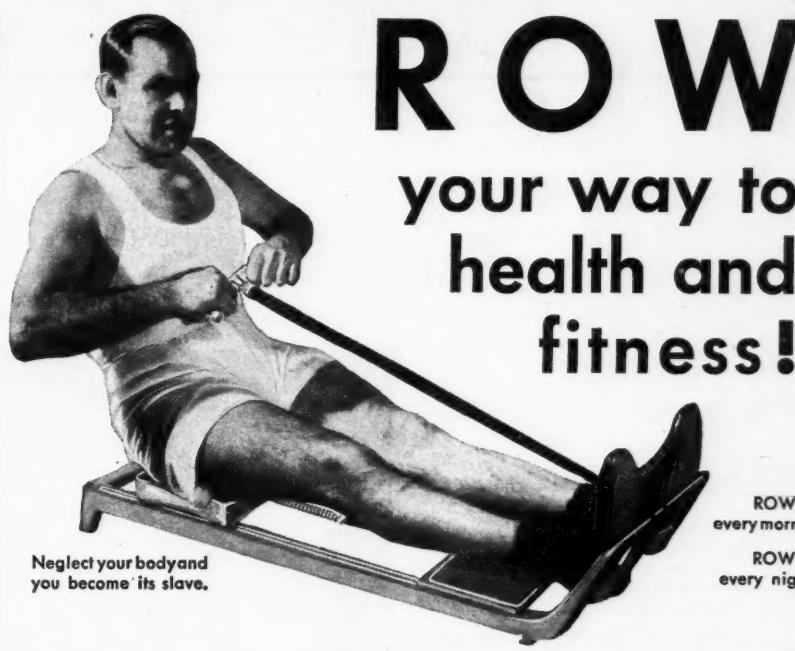
The following are typical quotations from letters received from readers:

"It is the best and most complete statement of this phase of the prohibition problem that I have seen anywhere."

"Mr. Revere's article is palpably full of flaws, both in what it says and in what it implies and ignores."

"The idea of again allowing liquor to flow, in order that we may obtain taxes, a sort of blood money gotten through the degradation of men, is hideous indeed."

And concerning the Editor's paragraphs on this subject: "It is with mixed feelings that I read your changing opinion with respect to prohibition; and I think I may have some slight appreciation of the courage required to express this change to your thousands of thoughtful readers. . . . I dislike greatly to see this ideal pass into the discard, but I know that you are to be highly commended upon the position you have taken."



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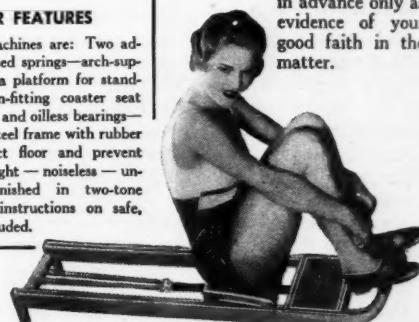
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# B O O K S

Recommended Reading from Current Lists

## Some Economic Topics

### Machines As Benefactors

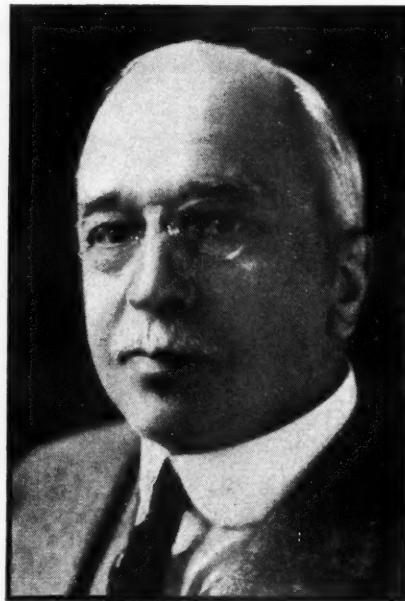
*Successful Living in this Machine Age*, by Edward A. Filene, in collaboration with Charles W. Wood. Simon and Schuster, 274 pp. \$2.50.

**M**R. EDWARD A. FILENE, Boston merchant, and self-styled shopkeeper, happens also to be a humanity-conscious individual with a broad and progressive outlook. As a profound student of public affairs and civic movements, his views are interesting and—in the opinion of this reviewer—exceedingly sound.

Mass production holds no terrors for Mr. Filene. Instead, he regards it as a boon to humanity if administered in the enlightened, modern spirit which stresses the lowest possible prices, the highest possible wages, and the shortest possible hours of work. For increased production must be met by increased buying, and the masses should be constantly elevated to higher standards of living—with the time and money to consume producers' goods. Self-interest and humanitarianism go hand in hand. "Mass production, therefore, is production for the masses. It changes the whole social order. . . . It is liberating the masses, rather, from the struggle for mere existence."

In an exceptionally able chapter, Mr. Filene declares: "The only objection I have to the theories of socialism and of communism is that they are wrong. Many of my friends, however, object to them simply because they are 'hateful.' . . . Those who oppose socialism and communism most violently are the victims of class thinking quite as much as the socialists and communists are. What they seem to want is not the abolition of class thinking, but the abolition of working class thinking by the working class, and the retention of privileged class thinking by the privileged classes." Fact-finding is recommended as a substitute preferable to class thinking.

Mr. Filene writes in simple, lucid, entertaining style which must appeal strongly to the economic layman. He interprets the true relationship of mass production to everything from credit to housing and world peace. Glenn Frank contributes an enthusiastic introduction. It is comforting to learn that penny-squeezing industrial exploitation is stupidly out of date.



© Underwood

EDWARD A. FILENE

### Industry Speaks Up

*A Basis for Stability*, by Samuel Crowther. Little, Brown, 360 pp. \$3.

**S**AMUEL CROWTHER has interviewed twenty-one leading men of business in connection with the depression and the economic problems under which they operate. While the men differ in certain views, all are realists and no one of them can optimistically present an economic cure-all or panacea. Progress along the upward path, it seems, is gradual and sometimes very jerky. But the alternations of feast and famine must be inquired into, and if possible dealt with. Each headliner speaks for his field.

Mr. Crowther thus brings us into the presence of Henry Ford, G. F. Swift, J. C. Penney, Carl Snyder, Howard Heinz, Horace Bowker, A. W. Robertson, James J. Davis, Myron C. Taylor, Frank O. Lowden, George A. Sloan, Martin J. Insull, Walter C. Teagle, Samuel W. Reyburn, William R. Basset, Alfred P. Sloan, Jr., John Hays Hammond, Richard F. Whitney, Frederick H. Ecker, Clarence M. Woolley, and General W. W. Atterbury. It is an all-star lineup, representing nearly every phase of American business. The interviewer has written able introductory chapters in which he supplies a background, a framework, and an interpretation for his net findings.

### Frau Germania

*The Germans*, by George N. Shuster. Dial Press, 326 pp. \$3.

**G**EORGE N. SHUSTER, brilliant editor of the able *Commonweal* magazine, is a man of grasp and vision. His book on modern Germany, a country with which he is well acquainted, is the best seen by this reviewer to date. For Mr. Shuster has not only an adequate historical background; his cultural and philosophical insight is extraordinary.

There is a chapter devoted to "The Third Kingdom" (Hitler's *Dritte Reich*), which handles the National-Socialist movement in an exceedingly dexterous and not unsympathetic style. The Versailles treaty and its accompanying frontiers receive a judicial treatment; and M. Poincaré of France is not exactly tendered violets, although the author is fair enough to moderate French elements. But best of all is the description of plain mankind, of a socially-minded people going proletarian—not by revolution as in Russia, but by the never-ending evolutionary processes of hard times, reparations, unemployment, and inflation. The man in the street, it seems, is a sincere progressive who makes the best of things. One reader, at least, is led to feel that rugged Frau Germania is the most deserving of Europe's multifarious and highly articulate denizens. Mr. Shuster has overlooked no phase or angle of his worthwhile national subject, and as an experienced publicist he writes well.

### 1931: New Era

*The United States in World Affairs, 1931*, by Walter Lippmann in collaboration with William O. Scroggs. Harpers, 375 pp. \$3.

**A** MAJOR CONDITION the United States shared in common with all foreign nations with which it dealt during 1931 was the depression. The way in which a world attempt was made to control the situation marked the beginning of a new era in American history: a period based on the principle that the United States must coöperate with the rest of the world to serve the interests of itself and other nations.

By spring, 1931, the United States knew that its old doctrine of self-con-

tainment must be abandoned in favor of the new realization that its economic ills were meshed with those of other nations. Economic and political crises in South America and unsuccessful attempts at economic stabilization among nations, all resulted in increasing the difficulties of an aloof America, and made the need for a break with past policies of isolation imperative.

The decision once made, United States' entrance into world affairs on the new basis was sweeping. The Federal Reserve System helped bolster the Austrian National Bank. Germany was saved from complete collapse by the Hoover moratorium. American dollars made a valiant effort to keep England on the gold standard.

Economic participation in an effort to help America by steadyng Europe was inevitably followed by diplomatic cooperation in realms of world affairs formerly avoided. Symbolic were the hurried trips to America of France's Premier Laval and Italy's Foreign Minister Grandi. In Europe, meetings of the Council of the League of Nations were attended by an American official observer and adviser, and when, late in the year, the world was confronted with the Manchurian situation, "the United States entered into close collaboration with the governments organized as the League of Nations in a common effort to vindicate the institutions of peace created after the World War."

This book, published for the Council on Foreign Relations, is the first in a new series of which a volume will appear each year. Distinguished in the authors' complete understanding of the subject, it bridges the gap between the newspaper headlines of the immediate past and the studied histories which will not appear for months or years. It is invaluable as a clear summary of events of the last year and as a help in understanding the near future.

## Sociological Gems

*Encyclopedia of the Social Sciences, Volume Six.* Macmillan, 713 pp. \$7.50.

VOLUME Six of this magnificent work, edited by Professor Edwin R. A. Seligman of Columbia University, runs from Expatriation to Gosplan. Its list of contributors is impressive, including prominent Americans and savants from a number of European countries and institutions. Expenditures, Expositions, Express Companies, Extraterritoriality, Extradition, Fabianism, Factory Laws, Family Budgets, Farms, Farm Bloc, Fascism, Federalism, Fenians, Ferdinand and Isabella, Feudalism, Fichte, Finance, Fisheries, Five-Year Plan, Folklore, Food Industries, Foreign Language Press, Franchise, Fraternal Orders, Freedom, French Revolution, Froissart, Fundamentalism, Furniture, Gallieni, Gambling, Garibaldi, General Strike, Geneva Convention, Geography, German Civil Code, Ghetto, Girl Scouts, Gladstone, Goethe, Gold, Good Roads—are some few of the more important topics. Volume One of the Encyclopedia was issued in 1930 and succeeding volumes have appeared at intervals since that time.

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**Briefer Comment**

• • "TOM PAINE" is the story of a great eighteenth century liberal, as told by George Creel (Sears, \$2). He agitated in England, France, and America; and his fiery political pamphlets were of great assistance in raising the spirits of our Revolutionary armies. His magnificent, if unappreciated, career amply deserves this laudatory study. Paine was an extraordinary political prophet.

• • PAUL COHEN-PORTHEIM, a young German artist, was interned in England during the weary World War. He has written "Time Stood Still: 1914-1918" to tell of his experience. It is a valuable psychological study of prison life, and a novel phase of war literature. (Dutton, \$3).

• • "MEMOIRS of a Soldier of Fortune" reminds one of Richard Harding Davis. General de Nogales is a South American who has served in almost every skirmish since the nineties. Alaska, the Rio Grande, Palestine, Africa—all figure. He was in the Turkish army during Armageddon. (Harrison Smith, \$3.75).

• • "UNITED RUMANIA," by Charles Upson Clark, is a good historical account and appraisal. Its highlight is a detailed account of Mackensen's 1916 campaign, which lifted Rumania out of the World War with despatch. An interesting account of a rather fantastic land. (Dodd, Mead, \$3).

• • CAPITALISM, André Maurois believes, can save itself by transforming itself. Charles A. Beard, in "America Faces the Future," has brought together the opinions of a score of thinkers on economic and social problems and plans, particularly adaptable to America, which might well be used as the transforming agents to save the capitalistic system. (Houghton Mifflin, \$3).

• • CERTAIN well defined laws govern all phases of industry: management, costs, price policies, advertising, selling, and profit requirements. "Pricing for Profit," by W. L. Churchill (Macmillan, \$3), demonstrates the derivations and possibilities for profitable application of these laws.

• • IRRITATED by the difficulties of obtaining definite statements about the conditions and aspirations of the Filipinos, Senator Harry B. Hawes set out to get his own information on the subject. "Philippine Uncertainty" (Century, \$3) is the answer Senator Hawes found to his own questions, and will answer the questions many others are asking now, when the Philippine question is again in the news. This particular answer is that the Islands have demonstrated their right to independence by demonstrating their ability to manage themselves. The time to grant independence is the present, but if that is impossible, then the Filipinos are entitled to be given a definite date when they may expect to take over control of their own affairs. Their uncertainty must be ended.

• • IN SPITE of the anti-Catholic issue which appeared in the campaign of 1928, Michael Williams maintains that traditional principles of religious freedom are still predominant in America. "The Shadow of the Pope" (Whittlesey House, \$3.00) is a survey of religious bigotry since colonial days, with emphasis on propaganda in the last campaign.

• • S. J. Woolf has long pleased readers of the New York Times and other publications with his drawings and thumb-nail characterizations of the world's great. Here in "Drawn from Life" are forty-odd, some new and some reproduced, of the best he has done. (Whittlesey House, \$5.00).

• • THE MONROE centennial edition of Hugh Gordon Miller's "The Isthmian Highway" (Macmillan, \$4.50) is a scholarly treatment of our past and present maritime and treaty policies as they center around the Panama Canal.

• • RURAL CREDIT FACILITIES in one form or another, says Earl Sylvester Sparks, in "Agricultural Credit in the United States," have been available to farmers since the colonial period. This book is a history of their development. (Crowell, \$3.75).

• • THOMAS F. LEE, engineer and banker, knows the people, governments, and conditions of Latin America. "Latin American Problems" (Brewer, Warren & Putnam, \$2.50) is therefore an aid to a better understanding of South America.

• • WHAT THE MEN of strange countries think interests Guy Murchie, Jr., more than the things they do. "Men on the Horizon" (Houghton Mifflin, \$3) is a travel book written on that basis.

• • DALE CARNEGIE says he wrote "Lincoln, the Unknown" because there has been need for a short biography giving the most interesting facts about Lincoln and his career. He contends that "the great tragedy in Lincoln's life was not his assassination, but his marriage." (Century, \$2.50.)

• • SIR OLIVER LODGE in "Past Years," his autobiography, tells in a self-minimizing way of his life and accomplishments. Some readers will be surprised to learn of his important work in radio development; many will find the accounts of his psychic research the most interesting portion of the book. (Scribner's, \$3.50.)

• • IN "GEORGE WASHINGTON, Soul of the Revolution," Norwood Young, an Englishman, presents an English viewpoint of the leader of the Revolution, of the Revolution itself, and of the founding of the United States. (McBride, \$3.50.)

• • BESIDES EVALUATING Carlyle's character, his human relationships, his marriage, his social prophecies, and his vast literary influence, in "Carlyle," Emery Neff draws as a background for his study a valuable picture of Victorian England. (Norton, \$3.00.)

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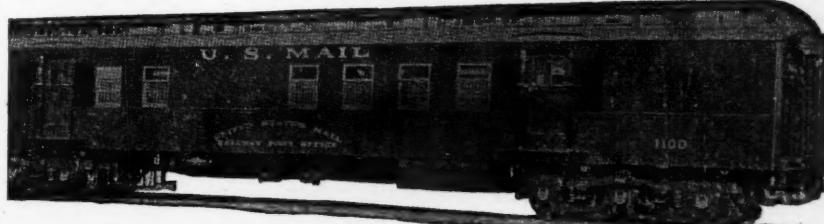
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